

Original to NSC

11-13-95

Todd -

Send to NSC for appropriate handling -

Yes ☒

No ☐

& extra copy
to send for possible
use in APEC briefing
materials.

Also cc
Boeskind
to make
sure
response
gets
done



November 9, 1995

95 NOV 10 P 6 : 14



The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

U.S. aviation relations with China and Japan remain strained due to the refusal of both countries to honor existing air service agreements. Therefore, during your upcoming APEC meetings, we at Federal Express respectfully request that you discuss the status of current U.S. air service agreements with President Jiang Zemin and Prime Minister Tomiichi Murayama.

As you know, this situation is not new, and your help in resolving our recent problems with the Japanese Ministry of Transport regarding operations over our new hub in the Philippines was indispensable. In that regard, I again express our deepest appreciation for your personal intervention and for the outstanding efforts of Secretaries Christopher and Pena and the invaluable assistance of Ambassador Kantor and Counselor McLarty.

Despite the resolution of that issue last summer, there are still instances where Japan refuses to honor our rights under the existing air service agreement. Specifically, the Japanese will not allow us to utilize our "beyond rights" through Japan to and from China. This is despite the fact that the treaty clearly permits us to conduct such operations. Both U.S. Department of State and Transportation officials have objected to the Japanese position on this matter. The end result of this unilateral decision by the Government of Japan is that both Chinese and Japanese carriers have significant competitive advantages over U.S. interests as they are free to compete for U.S. traffic, but we, in turn, cannot compete for any traffic between those two countries.

In the case of China, again despite the clear and unambiguous language of the current air service agreement between the U.S. and China, the Chinese government refuses to permit FedEx to increase flight frequencies or to carry traffic between China and Japan. Denying our rights to these additional flights and restricting our ability to compete for such "beyond" or "5th freedom" traffic is a clear violation of the treaty between the U.S. and China and unfairly advantages Chinese interests over U.S. interests.

The Honorable William J. Clinton
President of the United States
Page 2

While there are governmental meetings scheduled with the Japanese shortly after your return from APEC and the U.S. has requested meetings with the Chinese government over these issues, we believe neither of these efforts will prove fruitful unless Prime Minister Murayama and President Jiang understand that the United States will insist on existing treaty rights being honored.

Mr. President, this is a significant issue that transcends just these aviation issues or the interests of Federal Express as a U.S. flag carrier. The movement of goods by air is becoming the primary mode of transport for high value-added trade. It will be increasingly difficult for U.S. carriers to compete for such transportation if our beyond rights which allow us to engage in the growing markets of the world are not protected and hopefully expanded.

Given the huge trade deficits that the U.S. is currently experiencing with both China and Japan, the ability of our highly competitive service industries to compete around the world is a major strategic interest to this country and all U.S. citizens. It is inconceivable to me that we would permit China and Japan to continue to engage in such clearly unfair trade practices given the overall economic relationships between the U.S. and each of these two countries.

Thank you in advance for considering this request and thank you again for your help in the past.

I wish you a safe and productive journey to Asia and a Happy Thanksgiving.

Sincerely,



FWS:jp
2857

cc: Secretary Warren Christopher
Secretary Federico Pena
Ambassador Mickey Kantor
Counselor Mac McLarty

THE PRESIDENT HAS SEEN
11-13-95

THE WHITE HOUSE

WASHINGTON

November 11, 1995

95 NOV 11 P4:04

MEMORANDUM FOR THE PRESIDENT

FROM: DON BAER *DB*

11-13-95

Copy to G. Bushman & Baer.

SUBJECT: DLC Speech

Here is a draft of Monday's DLC speech. It was written largely by Bill Curry, Jonathan Prince, and Michael Waldman, and reflects contributions from Dick and thoughts from Bruce Reed. I have also sent a draft to Frank Greer who is getting back to me.

I think it does a very good job of laying out, in vivid terms, your vision and principles, and framing the budget fight in terms of both.

Obviously, given the state of play, we will probably have to make changes in the budget section closer to the time of the speech.

You will note that there is a section on Bosnia in brackets. The NSC and I agree that it's useful, in your major speeches, to include references to the importance of U.S. leadership in Bosnia.

I hope you will have time Sunday to think about this speech, since both the timing and the audience make it an important opportunity. Doug Sosnik and I are arranging for Senator Lieberman, who introduces you, to focus on how your accomplishments reflect New Democrat principles and deserve DLC support. (The Vice President also speaks to the DLC on Tuesday.) That will free you to deliver the larger -- and more direct -- message in the speech.

I know you will think it is long, but, at your standard rate of delivery, it will take just over fifteen minutes as written.

I will be available Sunday if you want to work on this, since the speech is scheduled for noon on Monday. I will call you to check in on Sunday afternoon.

3 copies:
1 Baer
1 Speechwriters
1 Chron

Draft 11/11/95 2:40pm

PRESIDENT WILLIAM J. CLINTON
ADDRESS TO THE
DEMOCRATIC LEADERSHIP COUNCIL
WASHINGTON, D.C.
NOVEMBER 13, 1995

[Acknowledgments]

One week ago, I ~~had the sad privilege to represent our country~~ ^{as America} at the funeral of my ~~friend Yitzhak~~ ^{PM} Rabin, ~~a martyr for peace~~. As I reflected on the terrible events that took the life of this brave man, it was clear to me again how our world is both coming together and pulling apart at the same time. Precisely because Yitzhak Rabin tried to unite his portion of the world in peace, an assassin took his life.

Last night, I went to Ford's Theater for its annual benefit performance. I looked up at the balcony box where Pres. Lincoln was taken by an assassin because he was determined to preserve the Union and to end slavery; it seemed to me that our Nation's

It is up to the United States of America to lead the world away from division, ~~to make~~ *history has been driven by these great ideas: love of liberty, belief in progress, and the struggle to find common* peace and freedom. ~~America must once again show the world that the center can hold.~~ *to make our motto civil-ization a reality* We ~~lead by example.~~ *Today in our Nation and throughout the world, the pursuit of unity & progress requires the wisdom to find common ground* We are proof to the world that a free and diverse people, through democratic means, can form a lasting Union. America must show the world there is truth behind our motto -- e pluribus unum, out of many, one.

Today more than ever, we cannot shrink from our responsibility. The United States must stand strong, united, and with a firm national purpose as we move into the 21st century. *Go - to help out of given people always struggle for the future* This is the challenge of our times. That is our responsibility as Americans.

That is why you and I joined the Democratic Leadership Council. We knew we had to keep America strong, and we knew that the old ways of government were tired and no longer effective. We wanted a government that was reformed, that had learned the lessons of

Thun into Thun vahn.

the past, but that was committed to standing up for ordinary Americans. We want to turn the government around, but we will not turn away from our responsibilities to one another. We believe that if we offer opportunity and demand responsibility from every citizen, there is nothing America cannot do.

I ran for President in 1992 to restore the American dream for all our people. To give the American people a government that reflects our basic values: responsibility and opportunity for all; work, family, and community; keeping America strong ^{from} and free. *support first: success, peace + progress*

This country is in better shape than it was three years ago. We still face tough challenges, but America is on the move. When we passed our economic plan, our critics said it would send the economy into a slump. Today, our economy is growing, and the American people deserve the lion's share of the credit. There are 7.5 million new jobs, 2.6 million more homeowners, a record number of new small businesses, ^{ending poverty} the lowest combined rate of inflation and unemployment in over 25 years.

A child born today has a better chance of going to college and getting a good job. It's a little easier for people to be good parents and good workers. Every day there are more opportunities for Americans to tap into the information economy and build a prosperous future.

Our government works better and costs less. There are 200,000 fewer people working for the national government than the day I took office. Civilians in the federal government are

a smaller percentage of the workforce than any time since 1933 -- before the New Deal.

America is safer and stronger. For the first time since the dawn of the nuclear age, there is not a single nuclear missile pointed at an American child. From Northern Ireland to the Middle East to Haiti, the United States is leading the world to peace.

[American leadership has delivered the best chance for peace in Bosnia since that terrible war began. We have an urgent stake in stopping the slaughter of innocents, preventing the war from spreading, and building a Europe at peace. American military might through NATO stopped Bosnian Serb attacks on the safe areas. American mediators helped the parties reach a cease-fire, agree on the basic principles of a settlement, and come to Dayton to forge a lasting settlement. Just days ago, Secretary Christopher flew to Dayton to announce decisions that bring the Bosnian-Croat Federation to life. This is an essential, concrete step toward bringing divided communities back together -- and building the foundation for multi-ethnic democracy in all of Bosnia-Herzegovina.

If peace is achieved, NATO must help secure it -- and America, as NATO's leader, must participate. If we do not, our partners may turn their backs on Bosnia as well. The hard-won peace could be lost. We would weaken NATO -- the anchor of America's and Europe's security -- and jeopardize U.S. leadership in Europe.

The war of ethnic and religious hatred in Bosnia strikes at the heart of the American ideal. But there was a time when Bosnia, too, found unity in its diversity. Now is the time

for Bosnia to find that unity in peace. And now is the time for America to stand by our principles and stand up for our interests. We must be leaders for peace. That is our responsibility as Americans.

We have a responsibility to stand by our principles at home too. And our nation is coming together around our traditional values again.. In cities across America, violent crime is down, welfare rolls are down, teen pregnancy has dropped for two years in a row, and for the first time in more than a decade, the rate of poverty has declined. We still have more to do, as you know better than anyone. Too many young people, without parents to teach them right from wrong, are turning to drugs and violence. But we are coming together. And our Gov't is standing up for values that bring us together - 2 Cr Prim; welfare; 4020 ch supp; 1/2 student supp; closing sweat shops and removing illegal mining fr. jobs Amer. + legal mining deserve a shot int; E 2ndary,

We live in a very great country. No nation in the world is as well positioned for the next century. But to fulfill our potential, to meet our responsibilities -- to the world at large and to each other here at home -- we must be true to our values and true to our vision. Today, a day of decision on the federal budget, America faces a choice that tests those values and that vision. This choice goes to the heart of our very identity as a nation.

What is the vision of Congressional Republicans? A government incapable of preserving the values and advancing the common interests of its people. An economy that is not only heartless, but sightless, bereft of the simple understanding that we rise and fall together. A community without connection or common purpose, in which we say to all Americans, with no regard to opportunity or obligation: Fend for yourselves.

Ours is a vastly different vision. We know that government cannot do everything. We know that the answer to every problem is not a program. We know that we should not ask government to do for people what they should do for themselves.

But we know that if government should not always do, it must always lead. We know that a government for the 21st century must challenge people to act. It must demand that they take responsibility. We know that a government for the 21st century, above all, must give our people the tools, the skills, the opportunities they need to make the most of their own lives. Not through a one-size-fits-all government program, but by liberating the creative energy of millions of Americans in their homes, their businesses, and their communities. This must be the vision that animates our nation and guides it into the 21st century.

It is because these principles are so vital to our future that the great budget debate now underway is so important. The choice we face today goes far beyond the reasonable and appropriate argument over the best way to control government spending. This is not only about balancing our budget -- it is about balancing our values as a people.

Will we dismantle the fundamental commitments we have made ~~over a half century~~ to protect the elderly, promote education, preserve the environment, and stand up for hardworking families -- or will we honor those commitments as we balance the budget and reform our government? Are we a nation that still remembers the simple duties we have to one another? Or are we a winner-take-all society, a nation dedicated solely to the survival of the fittest?

My friends, I say to you today, the answer is firm, and it is clear. In a voice ever stronger, the American people have spoken. We will not forsake our values. We will not walk away from opportunity and responsibility, from family and community. We want government to be reformed, we want it smaller and better, but we do not want it simply cast aside.

The American people want, and deserve, a balanced budget. Since I took the oath of office, we have cut the federal deficit in half. Today, we have the lowest deficit as a percentage of our national income of any industrialized country except one -- Norway. Five months ago I proposed a balanced budget that eliminates the deficit entirely. It cuts hundreds of wasteful and outdated programs, but it preserves Medicare, it ^{Is in} ~~protects~~ ^{turns it} ~~protects~~ education and the environment, it ^{strengthens} ~~defends~~ working families.

My budget reflects our values. Theirs does not.

We believe we have a duty to care for our parents, so they live their lives in dignity. That duty includes securing Medicare, and cutting its growth if necessary. But the Republican budget rests on massive Medicare cuts, three times bigger than the largest Medicare cuts in history -- doubling premiums on seniors.

We believe that all children should have the opportunity to make the most of their own lives. And we believe that schools should be run by teachers and principals, not by Washington. But the Republican budget slashes college scholarships and college loans, funds to cut class size and ^{increase computer & maintenance that go only to schools within set Hys 8th and} ~~improve teacher standards.~~ ^{an would be held accountable for meeting them; and it cut by tens of thousands \$ of children} ^{signs for the \$}

We believe we have a duty to preserve God's earth for future generations. And we are committed to reform, so that environmental protection does not trap business in a tangle of red tape. But their budget guts environmental protection.

And we believe that working people should not be taxed into poverty. The working families tax cut is something the DLC supported for years. ^{But in 1993 we doubled the EITC for working families} You should be proud! But the Republican budget raises taxes on 17 million working families, by an average of \$574 a year for families with two or more children.

The more the American people see of this budget, the less they like it. That is why the Republicans in Congress have resorted to blackmail in an effort to force me to sign these cuts. They have refused to do what every Congress before them has done: let the government pay its debts and perform its duties.

The budget process has certainly run late before. And when it does, the differing sides usually agree to find a fair and unbiased way to keep the government going and to enable the United States to pay its bills, while the broader debate goes on. That is what I worked out with Congress in September. They passed and I signed a simple, straightforward bill to keep the government running and to prevent America from going into default. That was the serious and responsible thing to do.

This week, instead of following the path of reconciliation, they have gone their own way. In an unprecedented move, they passed a bill that said: We'll keep the government

going if and only if we can increase Medicare premiums for every single senior citizen on Medicare by 25 percent, *cut it then rise by 40%, and have on so-called*
ing reform wh →

This is deeply irresponsible, and it could have severe consequences for America. If the government defaults on its obligations, then interest costs will rise, not only for government, but for businesses, for homeowners, and for consumers. Default will be an economic ball and chain for every American.

The Republicans say with brutal simplicity: Sign our cuts in Medicare, education, the environment, or we will shut the government down, we will push it into default. They sent me an extortion note and called it legislation. I sent it right back with a simple message: America will not be blackmailed. So tonight, the doors of the government will begin to shut.

Let me be clear: We will do everything we can under law, to ensure that services to our citizens are disrupted as little as possible. But we are limited in how much we can do, until Congress does its job, and allows us to resolve our budget differences in honest debate.
The Court presides the terms of this debate.

But let me be equally clear: I was elected President of the United States to restore the American dream for every citizen, to keep our nation the strongest in the world, to bring our people together. I was not elected President of the United States to preside over the dismantling of our commitments to senior citizens, to education, to the environment, to working families. I will not be blackmailed into doing so.

As long as they insist on plunging ahead with a budget that violates our values, I will fight it. I will fight it tomorrow. I will fight it next week. I will fight it next month. And if I have to, I will fight it all year. I am honored that I have been given the opportunity to wage this contest. We must stand up for the interests of ordinary Americans. This is a battle we must lead. It is a battle we must win -- because we are fighting for values as old as our nation.

Our Founding Fathers -- newly arrived in a land so far from their homes, so challenging and so new -- dreamed an extravagant dream of what a free people could accomplish through democratic self-government. For the first time in history, they dreamed that a people of different backgrounds and beliefs could build a strong nation together. That dream was preserved and replenished by generations of immigrants who came to our shores in search of freedom and opportunity. Our own lives have been so bountiful because we literally inhabit their dreams. Know this: If our own dreams are impoverished, so too will be the lives of our children. For they will inhabit our dreams as surely as we inhabit the dreams of those who came before us.

What is at stake is the faith of Thomas Jefferson that a government can serve as the common instrument of a free and diverse people to better their lives and shape their futures. What is at stake is the knowledge of Andrew Jackson that true and lasting prosperity rests on equal opportunity for all, with special privileges for none. What is at stake is the wisdom of Lincoln that a house divided, cannot stand, that in the forge of our differences we cast a single nation, one people.

My fellow Americans, this is an extraordinarily hopeful time. Our economy is moving in the right direction. America is safer and stronger. Our nation is coming together around its values. No nation in the world is as well-positioned to enable its people to fulfill their dreams than the United States. If we make the right choices, there is no stopping this country. The 21st century will be ours -- if we will simply be true to our values and follow our vision, if we will think about our children and what kind of America we want for them.

Thank you and God bless you all.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
11-13-95

November 11, 1995

MEMORANDUM TO THE PRESIDENT

From: Gene Sperling, Chris Jennings, Nancy-Ann Min
Subject: Medicare 31.5% Part B Premium Proposal

CURRENT STATUS: In the Republican reconciliation plan, around \$50 billion is raised over seven years through setting the Medicare premium at 31.5% of Part B program costs. The Republican leadership correctly understands that if this reconciliation proposal does not become law by mid-November, they will not be able to program the computers in time to implement this increase for January 1, 1996. The Republican leadership therefore fears that if they cannot pass this aspect of their reconciliation bill soon, a lower premium will be put in place for the beginning of 1996 and Republicans will face the politically difficult task of raising premiums by \$11 a month in the middle of the year. The Clinton balanced budget plan calls for a 25% Part B premium contribution and we have opposed any attempt to allow the Republicans to pass their increase in reconciliation -- and certainly by throwing it in a continuing resolution.

SUMMARY: REPUBLICAN 31.5% PROPOSAL: The Republicans argue that their proposal to impose a 31.5% Part B premium contribution simply extends current policy, since the \$46.10 that is in place for 1995 amounts to 31.5% of Part B program costs. Yet, the 31.5% would be a clear increase above current law -- and indeed far higher than any percentage since at least 1981. As discussed below, the fact that the *current Part B Premium amounts to 31.5% is a historical accident, and does not reflect the policy choice of any Congress to have Medicare Part B premiums at a 31.5% level.*

Indeed, the 1990 Congress set the \$46.10 amount for 1995 because they feared that soaring medical costs and manipulation of the health care baseline by a Republican OMB would lead the 25% contribution level to be too high. As it turned out, this attempt to protect Medicare beneficiaries backfired. When health care cost grew less than projected in 1990, the \$46.10 amount that was set into law caused recipients to pay more than 25% --- as the \$46.10 monthly premium ended up amounting to 31.5% of program costs.

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See Plan

Yet, starting in January 1, 1996, the Part B premium under both current law and the Clinton balanced budget proposal reverts to 25%. Because the \$46.10 monthly premium for 1995 accidentally amounted to a level higher than 25%, the reversion to 25% leads premiums for 1996 to actually drop for this one year from \$46.10 to \$42.50. As the Republican level would **change current law** by raising it to 31.5%, it would make premiums \$53.50 -- \$11 above current law per month, or \$132 a year and \$264 per couple.

BACKGROUND AND HISTORY ON PART B PREMIUM CONTRIBUTIONS: Over the last two decades, one of the primary policy goals for Democratic lawmakers has been to prevent Medicare premiums from increasing so much that they reduced the real, inflation-adjusted purchasing power of Social Security benefits. As you know, Social Security benefits have a cost-of-living- adjustment (COLA) to protect against inflation. As Medicare premiums are deducted right out of the Social Security checks, if Medicare premiums rise more than the CPI, Medicare premium increases can have the effect of reducing the real value of Social Security benefits.

When Medicare first began, premiums were set as high as 50% of program costs. Yet, with high rates of medical inflation, premium increases grew too high and in 1972, Congress abandoned the 50% level, and instead linked premiums to the CPI. In 1981, President Reagan and Congress temporarily adjusted the underlying law to return to a specific percentage of Part B program costs -- only this time it was to a 25% level. Changing to a 25% contribution level did allow for increased revenues for reducing the deficit. Because of that, Administrations and Congresses have been able to contribute to deficit reduction simply by extending the 25% level -- ~~since without such extenders it would revert back to being linked to the CPI, which raises less revenues for the general fund than a 25% contribution level.~~ During the 1980s, Reagan or Congressional Republicans did try to raise the premium percentage to over 30% on several occasions, but each time it was defeated.

*When COLA
can make
new, future*

In 1990, however, when Democrats were constructing the 5-year budget deal with President Bush, they feared that Republican OMB officials might seek to raise premiums by manipulating the health care baseline. Therefore, Democratic lawmakers temporarily abandoned the 25% percentage level and decided it was safer to lock in specific dollar amounts for each of the five years in the 1990 agreement. For 1995, the amount selected was \$46.10 and as mentioned above, this turned out to be higher than projected -- 31.5%. *Yet, it is crucial to note that "31.5%" was never legislated by any Congress, and that intent of the legislation was in reaction to fears that a 25% level would be too hard on beneficiaries.*

In 1993, when we were putting together OBRA 1993, the Democrats did not fear that the Clinton OMB would manipulate the baseline to raise Medicare premiums -- and as they had seen that using set amounts had not worked -- they returned to a 25% level for the years in our plan that went beyond the 1990 agreement. Therefore, there were set dollar amount from 1991-1995, and a return to the 25% ratio for the remaining three years of OBRA 1993 -- 1996, 1997 and 1998. After that -- unless there are extenders -- the law returns to linking Part B premiums to increases in the CPI.

What the Clinton balanced budget plan does is extend this 25% for the entire period of the balanced budget plan. Even though we are extending the traditional 25% premium policy, this "extender" actually gives us some Part B savings after 1998 because without our 25% provision, the law would revert back to only increasing premiums by the CPI in 1999.

In sum, despite the Republicans efforts to suggest that having a 31.5% premium contribution is not raising premiums — it just isn't so. The fact that the premium for 1995 amounted to 31.5% was an accident. Indeed, while there may have been times in the 1970s where set premium amounts were higher than 25%, the Republican proposal would be legislating the highest set percentage for Medicare premiums since 1972 and would affect all seniors regardless of incomes.

cc: Leon Panetta
Erskine Bowles
Alice Rivlin
Laura Tyson
Carol Rasco
George Stephanopoulos
Pat Griffin
Jen Klein

THE WHITE HOUSE
WASHINGTON

November 9, 1995

95 NOV 9 AID: 44

MEMORANDUM FOR THE PRESIDENT

FROM: RAHM EMANUEL *RE*

SUBJECT: LOS ANGELES TIMES ARTICLE ON DRUGS & RACE

Per your instructions, we worked with Ron on this story and we will be distributing it to the appropriate groups and individuals.

For Mike & [unclear]

RONALD BROWNSTEIN/WASHINGTON OUTLOOK

Debate Intertwines Drugs and R Rate of Young Black Men in Pri

One number you're bound to hear more about in the months ahead is the rising rate of young black men under supervision of the criminal justice system.

In a study released last month, the Sentencing Project, a left-leaning criminal justice think tank, reported that, at any one time in 1995, over 30% of black men age 20-29 were in prison, on probation or on parole, up from 23% only five years earlier. For whites, the comparable figure was 6.7%; for Latinos just over 12%.

This figure is rapidly insinuating itself into the public dialogue of black leaders. Speakers at the "Million Man March" in Washington last month repeatedly referred to the increased number of young blacks in jail. And African American legislators cited the trend last week as they bitterly criticized Congress and President Clinton for refusing to lighten federal penalties associated with crack cocaine—a drug that particularly afflicts the inner city. A federal judicial panel had recommended such a change.

The Sentencing Project's incarceration numbers for young black men largely track with Justice Department estimates. And almost all analysts agree the trend constitutes a kind of slow-motion catastrophe. But its cause and meaning remain very much in dispute.

Black leaders such as the Rev. Jesse Jackson portray the figure as a civil rights issue—a sign that the criminal justice system is stacked against minorities. Exhibit A in that case is the treatment of crack cocaine in federal courts.

Federal law imposes a five-year mandatory minimum prison sentence for selling five grams of crack; it takes 500 grams of powder cocaine to trigger the same sentence. Since nearly 90% of federal crack defendants are black, Jackson at a news conference last week termed the disparity "racist."

It is difficult to justify such widely disparate treatment—although the judicial panel recommending lighter penalties noted that distribution of crack is more associated with "systemic violence" than is the powder cocaine trade.

But even so, Jackson and other critics place far too much weight on this differential as an explanation for the high incarceration rate of young black men.

The reason: The 100-1 disparity in treatment between crack and powder cocaine exists in federal law—while almost all crime in the United States is prosecuted at the state and local levels. Most states don't differentiate between crack and powder cocaine; even the 14 that do generally don't create as wide a gap as the federal law.

Federal crack convictions account for only a minuscule percentage of all blacks in prison. Bureau of Justice Statistics figures suggest that fewer than 15,000 African Americans are currently in federal prison on all drug-related crimes. Only a fraction of those are people convicted of offenses involving crack.

By comparison, 511,300 African Americans are in state and federal prison on all charges.

Moreover, in 1993, just 98 defendants of any race were convicted in federal court of merely possessing crack, while 3,100 were sentenced for trafficking. With Clinton's support, last year's anti-crime legislation opened a "safety valve" exemption from mandatory sentences for nonviolent first-time crack offenders. Even with penalties that may be overly harsh, the federal anti-crack laws are not sweeping into jail significant numbers of casual drug users, whatever their race.

Critics like Jackson and Marc Mauer, the author of the Sentencing Project report, are on firmer ground when they criticize the broader war on drugs over the last decade for moving large numbers of minorities into the criminal justice system. The increased focus on arresting street-level drug dealers has nearly quadrupled the share of blacks in state prisons (where nine out of 10 prisoners in America serve their time) who were sentenced on drug-related crimes.

From across the ideological spectrum, Mauer and neoconservative criminologist John J. DiIulio Jr. of Princeton University agree that government should work more aggressively to provide drug treatment and supervision that might help

more of these relative dealers (and the thousands of others sentenced to prison) face a future that is wrapped in the justice system," as DiIulio says.

But even the focus on the number of drug arrests can distort this debate. Crackdown on drugs, critics say, can portray the rising rate of crime among African American men under supervision as a conscious urban problem.

"Why are there so many in jail?" he thundered at the "Million Man March" in Washington last month. "Is it the rule of law or is it the rule of fear?"

In his subsequent book, Mauer made clear he believed the primary explanation for the disparity in drug laws is the same direction. Yet drug use peaked in 1989. And the drug violations slightly outweighed crime in swelling the incarceration rate—for whites and blacks alike.

"No doubt the war on drugs has changed the prison population," says Allen Beck, the chief of statistics at the Bureau of Prison Statistics. "But when you see the overall growth, a high percentage of it is for people in prison for drug offenses."

Blacks consistently make up under half of all arrests. And the arrest rate for blacks has sharply increased since 1980, as has the proportion of blacks sentenced to time in prison.

From 1980 through 1993, the number of inmates for violent crimes increased by 40%, while the number incarcerated for drug crimes doubled. Although the gap is narrowing, twice as many African Americans are locked up in state prisons for drug-related crimes than for drug-related crimes.

Most violent crimes are committed against victims of the same race. It opens an entirely new argument. The flip side of the incarceration rate for blacks is the high crime rate in black communities.

Shuttle Returns,

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s and Rising n in Prison

more of these relatively low-level drug dealers (and the thousands more like them sentenced to probation) avoid "a future that is wrapped up in the criminal justice system," as Difurio puts it.

But even the focus on the rising number of drug arrests in recent years can distort this debate. Emphasizing the crackdown on drugs, critics like Jackson portray the rising share of African American men under court supervision as a conscious urban policy of incarceration.

"Why are there so many blacks in jail?" he thundered at the "Million Man March" in Washington last month. "Is it behavior or is it the rules?"

In his subsequent remarks, Jackson made clear he believes that the principal explanation is the rules—mostly the drug laws. Mauer points his finger in the same direction. Yet drug arrests actually peaked in 1989. And the concentration on drug violations slights the role of violent crime in swelling the incarceration rate—for whites and blacks alike.

"No doubt the war on drugs has changed the prison population," said Allen Beck, the chief of corrections statistics at the Bureau of Justice Statistics. "But when you start looking at the overall growth, a higher percentage of [it] is for people in there for violent offenses."

Blacks consistently account for just under half of all arrests for violent crime. And the arrest rate for violent crime has sharply increased since the early 1980s—as has the proportion of violent criminals sentenced to time in prison.

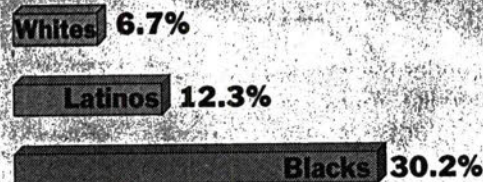
From 1980 through 1993, Beck points out, the number of inmates in state prisons for violent crimes increased more than the number incarcerated for drug crimes. Although the gap is narrowing, almost twice as many African Americans are locked up in state prisons today for violent crimes than for drug-related ones.

Most violent crime is committed against victims of the same race—which opens an entirely new window on this argument. The flip side of the increasing incarceration rate for young black males is the high crime victimization rate

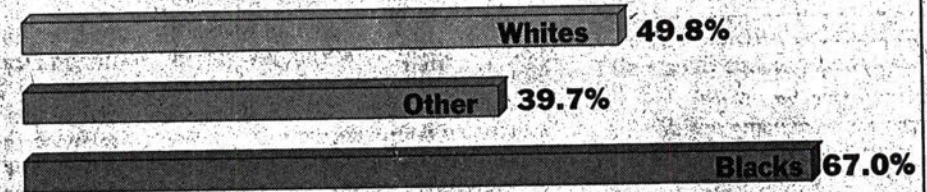
Crime and Race

Young black men are now under the supervision of the criminal justice system—either in prison, on probation, or on parole—at a rate far greater than whites or Latinos. But African Americans are also victimized by violent crime at a rate far greater than other Americans. Most violent crime is committed against victims of the same race: 82% of young black victims of crime were victimized by other blacks.

Share of young men age 20-29 under criminal justice supervision



Violent crime victimization rate (per 1,000 persons age 12 or older) (1993)



Sources: The Sentencing Project; Bureau of Justice Statistics.

Los Angeles Times

among African Americans, particularly young people.

Black men in their late teens were almost twice as likely as whites of the same age to be the victim of a violent crime.

All these numbers add up to a paradox. It is a social tragedy that 30% of young black men are now under supervision of the criminal justice system; it may be an even greater tragedy that young black men are murdered—almost all by other young black men—at 10 times the rate of whites of the same age.

Mark Whitlock, the executive director of the Renaissance Project at the First AME Church in South Central Los Angeles, wrestles with this dilemma every day. On the one hand, he says, incarcerating so many black men digs a hole that virtually guarantees future criminal behavior. "I know that employers are going to look at their [criminal] records and say: 'I can't use you,'" Whitlock said. "And those are the men that you and I are going to be afraid of."

But Whitlock agrees that citizens in his community deserve protection from violence and drugs. How, then, to break the cycle?

Whitlock focuses on economic development: "What we should do is begin to spend government dollars on businesses that create jobs." But business cannot flourish in neighborhoods riddled with crime. And it may not be possible to substantially decrease criminal behavior without reducing an out-of-wedlock birthrate that now tops 80% in some inner-city neighborhoods.

Any of these changes will take years. In the meantime, Mauer says, all signs indicate that the share of young black men under court supervision will continue to rise. The answer cannot be to less vigorously pursue those who break the law—and thus deny safe streets to their law-abiding neighbors. But mechanically sending ever more young men to prison is a surrender to despair. Mauer's numbers should not diminish our commitment to holding accountable those who break the law. But they should inspire an invigorated commitment to reverse the disintegration of moral order and economic opportunity that have encouraged so many young men in America's most blighted neighborhoods to cross that line.

The Washington Outlook column appears here every other Monday.

THE PRESIDENT HAS SEEN
11-19-95

THE WHITE HOUSE
WASHINGTON

95 NOV 9 9:12

NOVEMBER 9, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*
SUBJECT: SUMMARY OF CABINET WEEKLY REPORTS
NOVEMBER 6-10

DEPARTMENT OF TREASURY

- **Secretarial Rubin's Activities:** On Monday, November 13, Secretary Rubin will meet with Fraternal Order of Police President Gallegos. On Wednesday, he will meet with the Congressional Black Caucus to discuss the debt limit and on Thursday, he will meet with Chairman Greenspan. On Friday, he will meet with the Governor of Puerto Rico.
- **Japanese Bank Update:** Financial markets reacted calmly to the announcement on November 2 that U.S. regulators decided to revoke Daiwa Bank's U.S. license. Japanese financial authorities ordered Daiwa to trim its international operations. Sumitomo Bank will take over Daiwa's U.S. operations, and a merger of the two banks is being considered. With respect to the more fundamental question of bad loans in the Japanese financial system, the Government has reiterated its intention to put forth a plan by the end of November. The GOJ has also signalled, once again, its recognition that some public money will be needed to resolve the problem.
- **Cali Cartel:** Following Presidential Decision Directive-42, Treasury will propose some legislation that would increase its ability to counter international organized crime. It is working on a methodology to identify "egregious" money laundering centers and is assessing countries whose money laundering raises potential national security concerns. Treasury is also reviewing a range of proposals made by the Departments of State and Justice on this issue.
- **Reauthorization of Federal Law Enforcement:** The House Subcommittee on Crime will hold three days of hearings in November (date undetermined) on reauthorizing federal law enforcement. These hearings will examine the statutes that federal law enforcement agencies enforce to determine if and where duplication and overlapping jurisdiction exist.

DEPARTMENT OF COMMERCE

- **Secretary's Travel:** On Thursday, Secretary Brown travelled to Spain for the Trans-Atlantic Business Dialogue. On Thursday, November 16, he will travel to Osaka, Japan to attend the Apec meeting and various private sector events on budget issues. He will also travel to Tokyo before returning to Washington, D.C. on Tuesday, November 21, 1995.
- **Commerce will Release the Following Economic Indicators:**

Advance Retail Sales for October 1995	November 14
Manufacturing and Trade: Inventories and Sales for September 1995	November 15
Housing Starts and Building Permits for October 1995	November 17.
- **Implementation of White House Conference Findings Begins.** Immediately after the conclusion of the first-ever White House Conference on Travel and Tourism, Commerce began work implementing the industry's recommendations. Commerce officials and industry members met with officials from the Department of Interior on November 1, 1995 to design a plan to implement recommendations that involve that agency. Working with other agencies, the agency plans to participate in a series of "Regional Natural and Cultural Tourism Summits."
- **Alaskan Oil Export Legislation:** Legislation that authorizes exports of Alaskan North Slope crude oil transported on U.S. flag-tankers (H.R. 70 and S. 395) passed in the House this week. This is likely to result in expedited Senate action to lift the export ban and allow Commerce to schedule public hearings in Alaska and Washington on the Congressionally-mandated environmental review.

DEPARTMENT OF LABOR

- **Budget/Wages Message:** On Thursday, November 16, Secretary Reich will meet with the Democratic Party Effectiveness Group to discuss wages.
- **Minimum Wage:** This week, Secretary Reich announced a toll-free telephone number and internet address so that he can hear from minimum wage workers regarding what an increase in the minimum wage would mean for their families. In order to keep the momentum alive regarding the minimum wage issue, Secretary Reich will do a number of regional and national talk radio shows throughout next week. November 17 marks the sixth anniversary of the last amendment increasing the minimum wage. On Thursday, November 16, he will participate in a local event with low wage workers who will talk about how an increase in the minimum wage would make a difference in their lives.
- **Pension Fraud Initiative:** Secretary Reich will hold a news conference on Wednesday, November 15 to announce a Pension Fraud Initiative and explain the Administration's efforts to protect workers' contributions to 401(k) and health care plans. The press conference will include individuals who have been the victims of pension fraud.

- **Robert F. Kennedy Human Rights Award:** On Wednesday, November 15, Secretary Reich will deliver the keynote address at the Robert F. Kennedy Human Rights Award ceremony.
- **CPI Release:** The October 1995 Consumer price Index (CPI) will be released on Wednesday, November 15.
- **American Stock Exchange "Amex Newsmaker" Conference Call:** On Friday, November 17, Secretary Reich will participate in the "AMEX Newsmaker Exchange," a monthly press conference call for daily newspapers and business publications across the United States. Nearly 30 publications are expected to participate. The topics to be discussed include DOL's garment enforcement efforts, the wage gap, the minimum wage, and pensions.
- **Potential Future Grant Announcements:** The following is list of DOL grants which are pending official announcement:
 - **Massachusetts--Textron Defense Workers:** \$1,762,000 Defense Diversification Program (DDP) grant pending for the State of Massachusetts to provide job skills upgrades to approximately 546 Textron Defense Systems workers in Wilmington, MA. The objective of the grant is to enable the workers to keep their jobs by training them with the new skills needed for the company to compete in non-defense related, commercial markets. You could announce this grant award on Monday.
 - **Massachusetts--Dislocated Raytheon Workers:** \$1.6 million defense-related request from the State of Massachusetts to assist dislocated Raytheon workers. You could announce this grant award on Monday.
 - **Montana:** \$420,000 EDWAA grant pending to assist 100 workers being dislocated by the closure of the Rhone-Poulenc Basic Chemical Company in Silver Bow, Montana.
- **Boeing and Machinists Meet to Discuss Job Security Issues:** Boeing and the Machinists are scheduled to meet on November 8 to discuss the union's request for information on health care, subcontracting, and other job security issues. The union has expressed hope that the meeting will lead to a resumption of full negotiations to end the strike, which began on October 6. The NLRB is considering a request to seek an injunction against Boeing in U.S. District Court.
- **AFL-CIO Task Force Established:** On November 3, the AFL-CIO established a special task force to intensify pressure on companies engaged in protracted labor disputes with affiliated unions. Reportedly, the first targets will be A. E. Staley in Decatur, IL and Knight-Ridder and Gannett in Detroit, MI. Approximately 750 workers represented by the Paperworkers have been locked out at Staley since June 27, 1993. Also, six unions representing about 2,500 workers are engaged in a bitter dispute and strike against Detroit area newspapers. That strike began July 13, 1995.

DEPARTMENT OF TRANSPORTATION

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• **Cuban Migrants Interdicted Near Miami May be Returned to Cuba:** During the past week the Coast Guard interdicted 28 Cubans and 300 Haitians in the Caribbean. One interdiction poses a potential change in U.S. policy regarding the repatriation of migrants. On November 3, the Coast Guard Cutter BARANOFF interdicted 20 Cuban migrants 19 miles east of Miami. The migrants, en route to Miami, had come from the Bahamas, where they had purchased the vessel and had lived for the past year. The State Department requested that the Bahamian government take custody of the migrants, as the Bahamas were their point of departure. The Bahamian government refused and the migrants remain aboard a Coast Guard cutter. The Coast Guard, after consultation with the State Department, is considering returning the migrants to Cuba, their country of origin, which would be a change to past practices. Further complicating the situation is that the Coast Guard medevaced a seven year old girl and her father to Miami from the BARANOFF, leaving behind the girl's mother and nine-month old sister on the cutter, who may now be repatriated to Cuba.
- **International Aviation--U.S.-Czech:** On December 5-8, formal consultations will be held with the Czech Republic in Prague to continue working on a new liberal aviation agreement including third-country code-share provisions to cover proposed services by Northwest/KLM and United/Lufthansa.
- **International Aviation--U. S. - India:** A second round of consultations was held October 31-November 2, 1995, in New Delhi, India. Although some progress was made in closing differences, there remained several very difficult questions that divide the two sides.
- **International Aviation--U.S. - Thailand:** On November 8, Secretary Pena announced that formal negotiations with Thailand to complete an aviation agreement will resume and a deal should be signed by next year. A previous bilateral agreement between the U.S. and Thailand was broken off in 1990 by Thailand, which considered it unfair.
- **International Aviation--U.S. - China Maritime Agreement:** Talks were held in Washington October 31-November 2 on continuation of our bilateral maritime agreement with China. The talks ended on a cordial note but with no substantive progress on the issues. The two countries have agreed to meet again in Beijing, although no set date was arranged.
- **Oklahoma City Rebuilds:** DOT, along with the National Building Museum, the National Endowment for the Arts, GSA and HUD, is co-sponsoring an exhibition entitled "We Will Be Back: Oklahoma City Rebuilds." The exhibition tells the story of the destruction of Oklahoma City's north downtown area and the community's mobilization toward renewal in the aftermath of the April 19 bombing. An opening reception will be held on Thursday, November 16, 1995. The Mayor of Oklahoma City and the Governor of Oklahoma will also participate.

- **National Highway System Conference:** Negotiations between House and Senate conferees are continuing on legislation to designate the National Highway System. Several issues remain unresolved. Secretary Pena called on House-Senate National Highway System conferees to reject the so-called "Frito-Lay" amendment that would exempt trucks weighing between 10,000 and 26,000 pounds from certain safety requirements.
- **National Maximum Speed Limit Congressional Report:** DOT recently released a study entitled *National Maximum Speed Limit -- Fiscal Year 1993: Travel Speeds, Enforcement Efforts and Speed-Related Highway Safety Statistics*, an annual report is mandated by Congress and prepared pursuant to provisions of the Intermodal Transportation Efficiency Act of 1991 (ISTEA). The study indicates that fatalities on 55 mph roads fell 4.5 percent while fatalities on 65 mph roads rose 2.4 percent--further evidence that the 55 mph National Maximum Speed Limit Law saves lives and should not be repealed.
- **United States - Russian All-Cargo Service:** Under the U.S.-Russia aviation agreement, the U.S. may designate three carriers to provide all-cargo service between the U.S. and Russia. Those carriers may collectively operate a total of 16 weekly frequencies in the market. By Order 95-11-9, DOT tentatively allocated Polar Air Cargo eight weekly frequencies for U.S.-Russia all-cargo services; Federal Express and Evergreen International four weekly frequencies each for such services. Polar and Evergreen would be receiving all the frequencies that they had requested. Federal Express would receive four frequencies instead of the five requested in light of its indefinite plans and its failure to introduce any service at all under its previous allocation.
- **Dallas/Fort Worth International Airport (D/FW):** American Airlines, the largest customer at D/FW International Airport, commended the FAA team at the D/FW Airport Traffic Control Tower for their operational efforts that saved American over \$6.8 million during the past 90 days when compared to 1994. Operational savings were generated in three major categories; arrivals--\$2.6 million, taxi out--\$3.1 million and taxi in--\$1.1 million.
- **FAA Support for Airport Security Improvements:** On November 6, the FAA began unannounced testing of compliance with the current heightened security measures. The DOT Inspector General is participating in the testing.

U.S. TRADE REPRESENTATIVE

- **U.S.-Japan Semiconductor Agreement:** This week, Ambassador Kantor met with Michael P. Schulhof, director of the Sony Corporation and President and Chief Executive Officer of the Sony Corporation of America to discuss renewal of the 1991 U.S.- Japan Semiconductor Agreement, which expires on July 31, 1996.
- **NAFTA / U.S. - Canadian Broadcasting Issues:** Ambassador Kantor met with Norman Lear and Richard Ballinger, President of Act III Broadcasting Inc. (which owns stations in Buffalo and Rochester) to discuss the possibility that Canada will block certain violent U.S. television programming from U.S. border broadcasters. Canadians also are sensitive about advertising

dollars flowing out of Canada to U.S. competitors. Efforts by Canadian broadcasters to block non-simultaneous substitution U.S. programming would arguably violate NAFTA.

- **Ambassador's California Events:** On November 9-10, Ambassador Kantor travels to California. While there, he will meet with local business leaders in Santa Monica, tour the Long Beach Port, and meet with the editorial board of the *Los Angeles Times*. Ambassador Kantor also will deliver the keynote address at the Los Angeles Conservation Corps luncheon.

SMALL BUSINESS ADMINISTRATION

- **DELTA Program Roll Out:** On November 9th, Administrator Lader will roll out the Defense Loan and Technical Assistance (DELTA) program through which \$30 million of DoD funds will be used by SBA as loss reserves for \$1 billion of SBA guaranteed loans to defense-dependent businesses converting to commercial products.
- **Memorandum of Understanding with Ireland Signing:** The SBA and the Business Development Agency of Ireland will sign a Memorandum of Understanding on November 13 in Boston, which resulted from your White House Conference for Trade and Investment in Ireland. SBA is in the process of "brokering" a variety of deals which can be announced during your trip to Ireland.
- **"Education Means Business!" Week:** The week of November 13 is the first nationwide "Education Means Business!" week organized by the SBA. SBA staff, its Service Corps of Retired Executives (SCORE) volunteers, and its other affiliates will go into schools in every state in the country to discuss entrepreneurship with students. Administrator Lader will speak to classrooms and assemblies in VT, MD, NC. Bob Holland, the CEO of Ben and Jerry's--a company which started with SBA financial assistance--will join the Administrator at a public school near the Ben and Jerry's headquarters in Vermont.
- **Asian Trade Seminar.** Administrator Lader will participate in an Asian Trade Seminar and hold a press conference with Governor Angus King (I) in Portland, ME on November 15th.

DEPARTMENT OF JUSTICE

- **Consent Decree To Be Announced In A Clean Water Act (CWA) Case:** On November 9, 1995, a consent decree was announced in *United States v. 115th Street Corp.*, (N.D. Ill.). The Corporation, charged with indirectly discharging effluent into the publicly owned treatment works of the Metropolitan Water Reclamation District of Greater Chicago, agreed to achieve full compliance with effluent limits by August 19, 1996. The Corporation also agreed to pay a civil penalty of \$1,645,000, plus interest.
- **VMI Case:** The government will file a Supreme Court brief in the VMI case on November 16.

- 
Senator Simpson Introduces Immigration Bill: Senator Simpson introduced his legal immigration bill on November 3. His bill significantly reduces legal family-based immigration by eliminating three out of four family-based immigration categories and reduces the total number of employment based immigration visas from 140,000 to 90,000 per year. Markup is expected next week.
- Attorney General Announces SafeFutures Grants:** On November 8, 1995, the Attorney General announced the Office of Juvenile Justice and Delinquency Prevention's grants under the SafeFutures Program, a comprehensive initiative that combines efforts such as community-wide gang strategies, juvenile justice interventions, and prevention programming such as mentoring and family strengthening that will target at-risk and delinquent youth throughout their development. Grants totalling \$8 million were awarded to Contra Costa County, CA, Imperial County, CA, Boston, MA, St. Louis, MO, Seattle, WA, and Fort Belknap Indian Community in Harlem, MT.
- Denaturalization Action Filed Against Former Official of Lithuanian Security Police:** A denaturalization action was filed by the Office of Special Investigations (OSI) against Kazys Gimzauskas, a naturalized U.S. citizen, former resident of St. Petersburg, Florida, and current resident of Vilnius, Lithuania. The complaint charges him with having ordered the arrest, interrogation, incarceration, and surrender of Jews for execution to Nazi occupation forces, while serving as an official of the Lithuanian Security Police in Kaunas and Vilnius from 1941 to 1944. Gimzauskas returned to Lithuania while his case was under investigation.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- 
Homeownership Rate the Highest in 15 Years: Today, Secretary Cisneros and Laura Tyson announced that the third quarter homeownership rate rose to 65.0 percent; a nearly 10-point increase in the overall rate since the end of 1994. This increase translates into 938,000 new homeowners since January, the highest rate of homeownership since 1981 when the rate was 65.2 percent. Last June, the President joined more than 50 leaders from the private and public sector to announce the National Homeownership Strategy to increase the homeownership rate to an all-time high of 67.5 percent, adding 8 million new homeowners to the rolls.
- Budget Impacts on Minorities and the Poor:** On Tuesday, November 14, Secretary Cisneros will host a roundtable discussion with reporters from minority papers to discuss the devastating impact of the Congressional budget cuts on the nation's minority populations.
- Demolition of D.C.'s Ellen Wilson Homes:** On Thursday, November 16, Secretary Cisneros will kick-off the demolition of Ellen Wilson Homes, a dilapidated 13-building public housing development near the U.S. Capitol. This housing development will be redesigned as a townhouse community and will include 134 new apartments, 27 new townhomes for sale to moderate-income families, a day-care facility, a community center, and a small park. HUD awarded \$25 million to the City in FY 1994 to tear down and rebuild Ellen Wilson Homes.

- **Campus of Learners Initiative--First Groundbreaking:** On Friday, November 17, Secretary Cisneros will be in Denver to participate in the groundbreaking of the nation's first "Campus of Learners." Campus of Learners is a new vision for the future of public housing where the partnership of unlikely actors -- public housing agencies, local colleges and universities, private contributors, and telecommunications companies like Pacific Bell and TCI -- work in concert to convert public housing communities into centers for learning -- where school children, young adults, and parents can gain computer skills, job training, and other life skills to become active participants in today's Information Age.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Changes in Nursing Home Enforcement Procedures to Be Announced:** This week, the Health Care Financing Administration (HCFA) will introduce some modifications to the implementation of the nursing home enforcement regulations. The modifications include: a change in the terminology used to refer to facilities in which deficiencies have been found; and a temporary suspension on imposing certain civil monetary penalties, pending the completion of a study examining the range of penalties proposed. DHHS will also seek legislative changes that will give states additional discretion in sending out termination notices in certain circumstances and approving nurse aide training programs in rural facilities.
- **Final Meeting of AIDS Drug Development Task Force:** On November 20, the AIDS Drug Development Task Force will hold its final meeting (the group's charter expires at the end of November). At this final meeting, the group will review the 45 recommendations proposed on drug development and discovery over two years of task force work.



National Adoption Month: DHHS, in conjunction with the First Lady, will do an event on November 13 to kick off National Adoption Month and to unveil the First Lady's public service announcement on adoption. These activities are designed to bring attention to the thousands of special needs children awaiting adoptive homes. The media event will include the participation of successful adoptive families, children awaiting adoption, and representatives of agencies striving to find permanent homes for children.



New Centers for Cutting-Edge Biological Research: On Thursday, November 16, the National Institute of Aging will announce the establishment of three new centers for study of the basic biology of aging. These centers -- at the University of Michigan, University of Texas (San Antonio) and University of Washington -- are the first of their kind, designed to stimulate and enhance research into the basic biological processes of aging. The centers are approved for five years, with first-year funding for the three centers totalling about \$1.2 million.

- **Secretarial Schedule:** On Thursday, November 9, Secretary Shalala participated in an anti-smoking assembly at a local middle school in Philadelphia. Also on Thursday, Secretary joined the Vice President and FDA Commissioner David Kessler to announce major changes in the drug approval process for most biotech drugs.

- **Abuses of Authority Hearing:** On November 15, the House Commerce Subcommittee on Oversight and Investigations of the Commerce Committee will hold a hearing on alleged abuses of authority by the FDA against companies and health care providers. This is the second hearing in the Subcommittee on this topic. David Kessler, Commissioner of the Food and Drug Administration, will testify.
- **New AIDS Drugs Recommended for Accelerated Approval:** On November 6 and 7, an FDA advisory panel recommended accelerated approval for Glaxo Wellcome's Efavir -- or 3TC -- for use in combination with AZT, and for Hoffman-LaRoche's Invirase. Following advisory committee recommendations, FDA will work with sponsors to finalize labeling and ensure availability of the drugs.
- **Early Access for Investigational Cancer Drugs:** On October 24, the FDA approved Guilford Pharmaceuticals' treatment protocol for Gliadel, an investigational new drug for the treatment of certain recurrent malignant tumors of the brain and spinal cord. Gliadel is the twelfth cancer drug to be approved for early access under FDA's treatment protocol program, which allows promising new drugs to be made available under special conditions prior to approval for marketing.
- **Rule re: Definition of Bottled Waters:** The FDA is publishing a final rule that will provide standard definitions for the full range of bottled waters, such as "spring water," "mineral water" and "purified water." This rule will make bottled water labels more meaningful for consumers. It will require that bottled water drawn from a municipal source be labeled as such, unless the water has been treated to meet the standard for "purified water." The rule was on display this week and is expected for publication in the *Federal Register* by November 13.

SOCIAL SECURITY ADMINISTRATION

- **Welfare Reform:** Welfare reform legislation has been estimated to save \$18 to \$25 billion over five years in the Supplemental Security Income (SSI) program, depending on whether the House or Senate version is passed. These savings will accrue from provisions limiting SSI eligibility for drug addicts and alcoholics, noncitizen's, and children with disabilities. SSA's FY 1996 appropriations request does not include funding to implement welfare reform. The Congressional Budget Office has estimated first-year administrative costs to SSA at about \$300 million. SSA estimated first-year costs to be \$400 million or more. Without additional funding, SSA will have to offset unbudgeted welfare reform costs. SSA is pursuing authorizing legislation to provide the initial one-time, mandatory administrative funding required to implement the legislation if passed by Congress and signed by the President.

VETERANS ADMINISTRATION

- **Ceremony Honoring Japanese American Veterans:** On Wednesday, Secretary Brown and Secretary Perry participated in a ceremony in Los Angeles honoring World War II Japanese American veterans.

- **Veterans Day Activities:** On November 11, Secretary Brown will participate in the Veterans Day wreath laying ceremony at the Tomb of the Unknowns at Arlington National Cemetery and will attend the Memorial Service at the Vietnam Veterans Memorial on the Mall. He will also accompany you to the Ground Breaking Ceremony for the World War II Veterans.
- **Arkansas State Veterans Day Ceremonies:** On November 11, Mr. R. John Vogel, Under Secretary for Benefits, will deliver the keynote address at the Arkansas State Veterans Day ceremony in the rotunda of the State capitol building in Little Rock. In addition, Mr. Jerry Bowen, Director of the National Cemetery System, will be the keynote speaker at a Veterans Day and Junior ROTC Ceremony at Arkansas State University in Jonesboro, Arkansas. Mr. Bowen will also be the keynote speaker at a ceremony to dedicate a war memorial honoring University students who were killed in action.
- **Presidential Delegation to Vietnam:** From November 27 - December 5, Deputy Secretary Gobar will lead a Presidential delegation to Vietnam, Laos, and Cambodia.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **ONDCP Regional Conference:** The first of the ONDCP Regional Conferences will be held in San Francisco, California from November 12 -15. This conference will lay the foundation for your White House Leadership Conference on Youth, Drug Use and Violence that will take place in January.

DEPARTMENT OF EDUCATION

- **Budget Strategy on Direct Loans:** On Thursday, November 8, Secretary Riley met with national and regional reporters to discuss congressional efforts to eliminate the Direct Loan Program, in anticipation of upcoming votes. In addition, the Department is sending a mailing to each Member of Congress indicating the number of direct loans in their states. The Department also transmitted to Congress the first report on the implementation of the Direct Loan Program. The report reflects the positive evaluations the Department's implementation of the program has received from independent examiners, such as the General Accounting Office and the private accounting firm Urbach Kahn & Werlin, as well as the high degree of satisfaction reported by participating schools.

DEPARTMENT OF THE INTERIOR

- **Hearing on Arctic National Wildlife Reserve:** The Senate Energy and Natural Resource Committee will hold a hearing on November 14, to review DOI's decision-making process regarding the United States Geological survey's (USGS) 1995 estimates for the 1002 area (Coastal Plain) of the Arctic National Wildlife Refuge. As a result of a 1995 USGS statutory report on U.S. mineral resources that found that estimates of North Slope oil are lower than previously stated, USGS was asked to prepare a subsequent report on resources of the coastal

plain. That subsequent report resulted in lower Coastal Plain resource and revenue estimates. The Bureau of Land Management was also asked to update its information on the coastal plain but decided to stand by its 1991 numbers which differ from those of USGS. The Committee is alleging that the USGS was coerced into "cooking the books" in order to support the Administration's effort to preserve the area.

ENVIRONMENTAL PROTECTION AGENCY

- **Continuing Resolution:** The House passed a Continuing Resolution (CR) that would temporarily fund the eleven spending bills that are still pending, at the lowest of the House, Senate, or FY1995 levels and includes the Simpson-Istook resolution on "political advocacy." It is not clear whether the wording of the CR requires the lower of the two levels for each individual program or for the Agency overall. The House funding level is a 34% cut from the President's FY1996 Request and the Senate funding level represents a 23% cut from the President's Request. The current CR funds EPA at 90% of the FY1995 enacted level--post rescission. The increased cut in funds will hinder the Agency's ability to deliver the environmental and public health protections for the duration of the CR.
- **Regulatory Reinvention:** In the wake of your successful announcement of the first eight XL project participants, EPA is moving ahead to implement the second phase of Project XL. In this next stage, participants will work with local stakeholders, and regulators to develop projects that demonstrate excellence and leadership. In the meantime, EPA continues to process XL proposals and expects to make additional selections in the near future. In addition to the eight XL projects selected last week, EPA signed a Memorandum of Agreement between with the Department of Defense (DOD) establishing a framework for the development of XL pilots at DOD facilities. As with all XL projects, DOD will be given the flexibility to develop alternative strategies that will replace or modify specific regulatory requirements on the condition that they produce greater environmental benefits.
- **San Diego Sewage Treatment Waiver:** On Thursday, EPA will announce the issuance of the final permit to the San Diego sewage treatment plant. This will allow San Diego to discharge less than secondary-treated water 4.5 miles offshore. In October, you signed the Ocean Pollution Reduction Act, giving San Diego a unique second opportunity to apply for the waiver from secondary treatment. San Diego missed its first opportunity to do so. Administrator Browner met with Senator Boxer and the press to announce streamlining efforts that will help reduce the burden of San Diego's compliance with EPA regulations for periodic review of the permit. The issue of a San Diego waiver was the subject of House Speaker Gingrich's first "Corrections Day" legislation.
- **WTI's Incinerator Risk Assessment:** The Waste Technologies Industries, Inc. (WTI) incinerator, in East Liverpool, Ohio, is in limited commercial operation pending the results of a risk assessment, which will be used to issue the final environmental permit. The state will make the ultimate permit decision. The draft risk assessment, which is evaluating possible health risks from the facility, will be made public this week. EPA anticipates that the release of the risk assessment will generate local opposition and concern, and could generate some

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national attention. During the 1992 presidential campaign, Vice President Gore stated opposition to the WTI incinerator. The WTI incinerator has been the focus of intense opposition by local and national environmental groups because of its location near an elementary school and a residential area.

DEPARTMENT OF AGRICULTURE

- **USDA To Announce Removal Of Food Stamp Retailers:** On November 15, Secretary Glickman and Deputy Secretary Richard Rominger will announce the results of a recent "sweep" by USDA Food and Consumer Services and the USDA Office of Inspector General to review stores' eligibility to redeem food stamps in Los Angeles, California. This announcement is a continuation of the USDA's aggressive efforts to crack down on fraud and abuse in the USDA Food Stamp Program and will result in several hundred stores being notified of the Department's intention to rescind their eligibility to redeem food stamps.
- **USDA Monthly Column:** USDA disseminated Secretary Glickman's first monthly column to 500 daily and weekly newspapers across the country. His column will address important agricultural issues and will help amplify the Administration's messages to rural America. The November column focuses on the Administration's 1995 Farm Bill priorities.
- **Senate/House Plans 1995 Farm Bill Schedules:** On November 14, the Senate Agriculture Committee will mark up the miscellaneous and conservation titles of the 1995 Farm Bill. The Committee is expected to consider a number of marketing related provisions as well as animal and plant health and safety amendments. On November 1, Majority Leader Dole and Chairman Richard Lugar introduced S. 1373, a bill which will serve as the Senate Republican mark for the Farm Bill conservation title.
- **Decline in Rural Homeownership:** On November 21, USDA Rural Housing and Community Development Service (RHCDs) Administrator Maureen Kennedy will meet with industry experts to discuss the decline in the rural homeownership rate. Rural areas have always had higher homeownership rates than urban areas. However, rural homeownership rates have fallen from 73.2 percent to 71.8 percent between 1991 and 1994. Participants are expected to discuss why the rate has been declining and how the Administration might turn this trend around.

DEPARTMENT OF ENERGY

- **Privatization of the National Institute for Petroleum Research Facility:** On Monday, November 13, DOE will announce the first step in privatizing the National Institute for Petroleum Research (NIPER) located in Bartlesville, Oklahoma. This facility currently performs research and development for the fossil energy industry. As NIPER is privatized, Federal employees who manage oil and gas research and development projects (currently conducted at Bartlesville and Morgantown, West Virginia) will be consolidated in Golden, Colorado.

OFFICE OF PERSONNEL MANAGEMENT

- **Veterans' Preference:** OPM informed the media of your record in support of veterans preference. OPM has called editors in twenty cities and faxed an op-ed piece by Jim King and a news release to major newspapers and radio stations in each of the cities, as well making available King's radio spot on the same theme. On Friday, the *Washington Post* is expected to run a story on veterans preference.

DEPARTMENT OF DEFENSE

- **Former Yugoslavia:** Deputy Secretary White spoke with Secretary Perry after the Secretary completed the latest round of meetings with General Grachev at NATO HQ in Brussels. The meetings went very well and Defense Department officials believe they have an agreement by which our two militaries can work together. However, the plan does not yet deal with the issue of political control above the military commanders.

The plan preserves unity of command but does not require Russian forces to be under NATO command. General Joulwan will be the overall authority of the Implementation Force and will have a Russian deputy through which he will give command to the Russian forces. Secretary Perry and General Grachev have approved the plan in its present stage and asked them to continue to work out the details. The Secretary and General Grachev will meet later this month.

- **Haiti:** New Haitian Prime Minister-Designate Werleigh reportedly has identified personnel to fill senior posts at 17 different ministries. Overall, the cabinet reflects a narrower base than the "Reconciliation Cabinet" Aristide selected upon his return to power last year. The new cabinet, which reflects the strongly leftist, populist composition of the new parliament seated last month, is likely to be problematic for U.S. objectives relating to economic reform and privatization of state-owned enterprises.

On the plus side, Interior Minister Mondesir Beaubrun -- who has been linked to murders of political opponents and former military officers -- is out. The Council of Electoral Provisional announced that Presidential elections will take place on Sunday, December 17, with run-off elections, if required, scheduled for Sunday, January 21, 1996

- **Persian Gulf Illness:** The Gulf War Veterans Research team from the Naval Research Center, San Diego presented preliminary results of epidemiological studies regarding health of veterans of the Persian Gulf War during the Annual Meeting of the American Public Health Association in San Diego. Studies looked at mortality (slightly higher among PG veterans due to accidents), hospitalization (no difference for veterans except for slight increase in mental disorders primarily related to alcohol), and birth defects (no increase in birth defects for veterans compared to non-veterans). A CDC study showed no evidence of a Persian Gulf illness separate from other known illnesses.

- **Travel:** General Shalikashvili travels to Germany and Russia next week. He will speak at the Chief of Defense Commanders Conference in Germany, November 17, and then travel to Russia for working discussions with his counterpart, General Kolesnikov.

DEPARTMENT OF STATE

- **Human Rights Activities in the Former Yugoslavia:** Assistant Secretary John Shattuck will arrive in Banja Luka in Serb-held Bosnia November 9. He will seek access to hundreds of missing persons and detainees, and attempt to win their release. Serbian President Milosevic and Bosnian Serb Vice President Koljevic personally assured Shattuck access to all areas of Bosnia under Serb control.
- **NATO SYG Succession:** Premature public statements from several allies in support of former Dutch Prime Minister Ruud Lubbers have complicated efforts to identify a new NATO Secretary General. Lubbers' meetings last week here and at DoD and NSC have convinced State Department officials that he is not the right man for the job. The other leading candidate, however, Uffe Ellemann-Jensen of Denmark, made a very good impression.
- **UN Financing Initiative:** The State Department continues to make progress in developing a strategy with Congress to resolve the UN funding crisis in the context of overall UN reform. In a briefing that was well received by staff members of the House leadership, a common set of facts was established as the basis for negotiations to solve the UN funding crisis.

UNITED NATIONS

- **Bosnia:** On November 9 or 10, the United Nations expects the Security Council to adopt a resolution on human rights violations in Bosnia and Croatia. As Ambassador will make clear in her statement, the Council should denounce human rights abuses wherever carried out, but they must also recognize the differences in circumstances and the magnitude of the crimes. The systematic nature of the war crimes is evidence of an astonishingly brutal Bosnian Serb policy of ethnic cleansing.
- **Liberia:** A resolution strengthening the UN Observer Mission in Liberia is scheduled for a vote in the Security Council on November 10. United Nations officials have been criticized in the Council for causing delay, due to their requirement to consult with Congress on increased expenditures for the Mission
- **Security Council Elections:** On November 8, the elections for January 1996 membership in the Security Council were held. Those elected were Chili, South Korea, Egypt, Poland and Guinea-Bissau.

cc: The Vice President
Leon Panetta
Harold Ickes
Erskine Bowles
George Stephanopoulos
Alexis Herman
Carol Rasco
Maggie Williams
Michael McCurry
Doug Sosnik
Marcia Hale
Donald Baer
David Strauss

Sup. 4

THE PRESIDENT HAS SEEN
11-13-95

THE WHITE HOUSE
WASHINGTON

November 11, 1995

MR. PRESIDENT:

Attached are the following weekly information items:

- (A) **Interest rates and stock market**
Week ending November 9, 1995.
- (B) **Cabinet Report**
- (C) **CEQ Weekly Report**
- (D) **Emanuel Weekly Report**
Crime, immigration, welfare
JNS Monthly Statistical Report
September 1995

Handwritten: memo to the President

Handwritten: TS
Todd Stern

THE WHITE HOUSE
WASHINGTON

95 NOV 9 PG: 12

NOVEMBER 9, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*
SUBJECT: SUMMARY OF CABINET WEEKLY REPORTS
NOVEMBER 6-10

DEPARTMENT OF TREASURY

- **Secretarial Rubin's Activities:** On Monday, November 13, Secretary Rubin will meet with Fraternal Order of Police President Gallegos. On Wednesday, he will meet with the Congressional Black Caucus to discuss the debt limit and on Thursday, he will meet with Chairman Greenspan. On Friday, he will meet with the Governor of Puerto Rico.
- **Japanese Bank Update:** Financial markets reacted calmly to the announcement on November 2 that U.S. regulators decided to revoke Daiwa Bank's U.S. license. Japanese financial authorities ordered Daiwa to trim its international operations. Sumitomo Bank will take over Daiwa's U.S. operations, and a merger of the two banks is being considered. With respect to the more fundamental question of bad loans in the Japanese financial system, the Government has reiterated its intention to put forth a plan by the end of November. The GOJ has also signalled, once again, its recognition that some public money will be needed to resolve the problem.
- **Cali Cartel:** Following Presidential Decision Directive-42, Treasury will propose some legislation that would increase its ability to counter international organized crime. It is working on a methodology to identify "egregious" money laundering centers and is assessing countries whose money laundering raises potential national security concerns. Treasury is also reviewing a range of proposals made by the Departments of State and Justice on this issue.
- **Reauthorization of Federal Law Enforcement:** The House Subcommittee on Crime will hold three days of hearings in November (date undetermined) on reauthorizing federal law enforcement. These hearings will examine the statutes that federal law enforcement agencies enforce to determine if and where duplication and overlapping jurisdiction exist.

DEPARTMENT OF TRANSPORTATION

- Leon/SB*
de
caus
dotu!

• **Cuban Migrants Interdicted Near Miami May be Returned to Cuba:** During the past week the Coast Guard interdicted 28 Cubans and 300 Haitians in the Caribbean. One interdiction poses a potential change in U.S. policy regarding the repatriation of migrants. On November 3, the Coast Guard Cutter BARANOFF interdicted 20 Cuban migrants 19 miles east of Miami. The migrants, en route to Miami, had come from the Bahamas, where they had purchased the vessel and had lived for the past year. The State Department requested that the Bahamian government take custody of the migrants, as the Bahamas were their point of departure. The Bahamian government refused and the migrants remain aboard a Coast Guard cutter. The Coast Guard, after consultation with the State Department, is considering returning the migrants to Cuba, their country of origin, which would be a change to past practices. Further complicating the situation is that the Coast Guard medevaced a seven year old girl and her father to Miami from the BARANOFF, leaving behind the girl's mother and nine-month old sister on the cutter, who may now be repatriated to Cuba.
- **International Aviation--U.S.-Czech:** On December 5-8, formal consultations will be held with the Czech Republic in Prague to continue working on a new liberal aviation agreement including third-country code-share provisions to cover proposed services by Northwest/KLM and United/Lufthansa.
- **International Aviation--U. S. - India:** A second round of consultations was held October 31-November 2, 1995, in New Delhi, India. Although some progress was made in closing differences, there remained several very difficult questions that divide the two sides.
- **International Aviation--U.S. - Thailand:** On November 8, Secretary Pena announced that formal negotiations with Thailand to complete an aviation agreement will resume and a deal should be signed by next year. A previous bilateral agreement between the U.S. and Thailand was broken off in 1990 by Thailand, which considered it unfair.
- **International Aviation--U.S. - China Maritime Agreement:** Talks were held in Washington October 31-November 2 on continuation of our bilateral maritime agreement with China. The talks ended on a cordial note but with no substantive progress on the issues. The two countries have agreed to meet again in Beijing, although no set date was arranged.
- **Oklahoma City Rebuilds:** DOT, along with the National Building Museum, the National Endowment for the Arts, GSA and HUD, is co-sponsoring an exhibition entitled "We Will Be Back: Oklahoma City Rebuilds." The exhibition tells the story of the destruction of Oklahoma City's north downtown area and the community's mobilization toward renewal in the aftermath of the April 19 bombing. An opening reception will be held on Thursday, November 16, 1995. The Mayor of Oklahoma City and the Governor of Oklahoma will also participate.

THE PRESIDENT HAS SEEN
11-13-95

THE WHITE HOUSE
WASHINGTON

November 11, 1995

MR. PRESIDENT:

Attached are the following weekly information items:

- (A) **Interest rates and stock market**
Week ending November 9, 1995.
- (B) **Cabinet Report**
- (C) **CEQ Weekly Report**
- (D) **Emanuel Weekly Report**
Crime, immigration, welfare
INS Monthly Statistical Report
September 1995

TDS
Todd Stern

Handwritten note: *see folder*

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
11-13-95

95 NOV 10 P4:14

November 10, 1995

MEMORANDUM FOR THE PRESIDENT AND
THE CHIEF OF STAFF

FROM: RAHM EMANUEL *R.E.*

SUBJECT: WEEKLY MEMO

Crime:

On Sunday, the Department of Justice is releasing a study which shows that juveniles represent 25% of those convicted of weapons charges. I have prepared a Presidential statement to be released Sunday afternoon.

The Drug testing directive for criminals is ready for a Presidential signing. The only decision concerns timing. The same groups and individuals who opposed the Administrations' position on the sentencing commission will oppose us here as well.

The only reason to move with some speed is the Bureau of Justice will be making a similar recommendation. I think our goal should be to come out with a position before they do.

I talked to Henry Cisneros about providing guidelines for local housing authorities on a two strikes and your out policy for residents. The Dallas Housing Authority has adopted a two strike policy for residents who commit gun or drug violations. The Secretary is looking into the Dallas policy to see if we can make it a national one. This would be very similar to our public housing sweep policy.

Welfare:

Although we are not out of the woods by any means, for now we have avoided a real problem on the poverty study. The Post helped to shape the story and the follow-up coverage in the Times and on ABC did little damage. I also think we avoided any split with the Senate Democrats who voted with us.

The legislative state of play is such that the GOP Leadership has cut a deal which moves away from the Senate welfare agreement. In addition, they are wrapping the legislation inside the Reconciliation package. We should view this as their opening bid for future negotiations. If we eventually want a stand alone bill, this is not a bad starting point.

Sometime after Thanksgiving, we should release the Child Support report at a Presidential event.

Immigration:

~~I~~ met earlier in the week with Alan Bersin to outline an agenda for his new position. We agreed that the focus of his position is anti-smuggling, drugs, and benefit fraud. The schedule of press events should help us in the Southern California media markets.

In the next two weeks Doris is planning to announce a new workplace sweep in the Mid Atlantic region. This is key to our continued attack on illegal immigration at the workplace.

The Executive Order pertaining to companies with prior fines concerning illegal immigration is now ready for Presidential signing. The only thing to be worked out is the signing.

Let's do it

THE PRESIDENT HAS SEEN
11-13-95

THE WHITE HOUSE
WASHINGTON

95 NOV 9 AID: 44

November 9, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: RAHM EMANUEL RE.

SUBJECT: IMMIGRATION

Attached please find the Immigration and Naturalization Service's Statistical Report for September. I thought you should see these numbers.

IMMIGRATION AND NATURALIZATION SERVICE

*Monthly Statistical Report
September 1995*



Prepared by the Office of Policy and Planning
October 31, 1995

Contacts: Press: 202-514-2648

Congressional: 202-514-5231

Other: 202-514-3242



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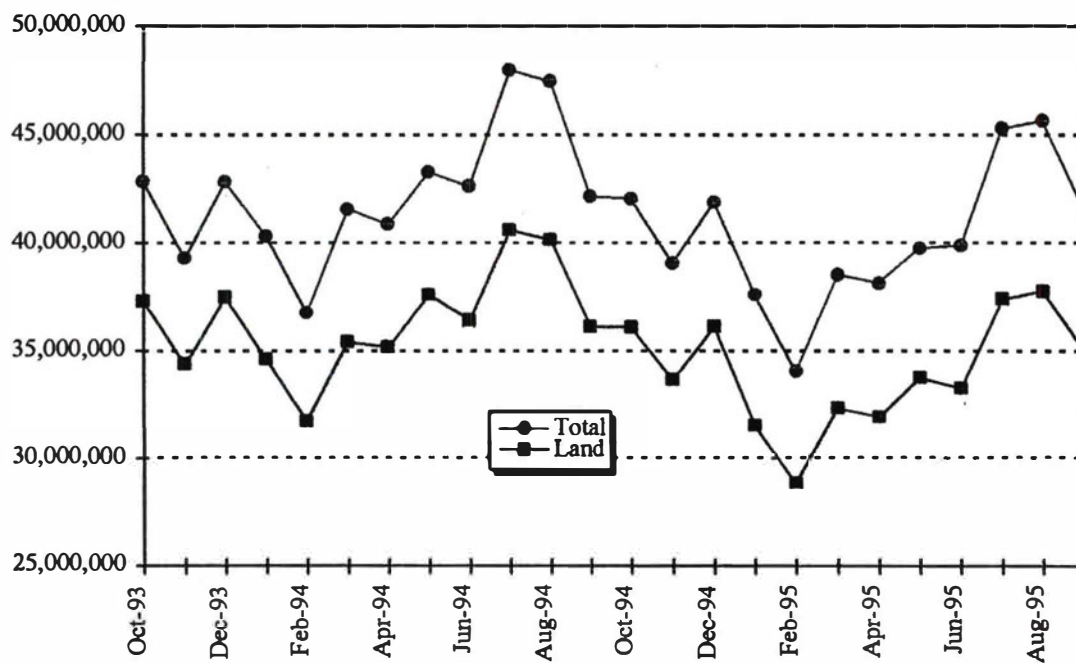
* Monthly data are preliminary in that it may be necessary, in future months, to add or drop records or to correct data.

INSPECTIONS

While September inspections reflect the normal decrease experienced at the end of each summer travel season, fiscal year 1995 closed with an overall drop of 5 percent in total inspections when compared to 1994. Most of this decline resulted from a 7 percent drop in admissions at the land ports-of-entry. However, air admissions increased 10 percent over the previous September, sustaining an 8 percent rise in airport admissions for FY 95.

	<i>Month</i>			<i>Fiscal Year</i>		
	<i>Sep-95</i>	<i>Sep-94</i>	<i>%Change</i>	<i>FY 95</i>	<i>FY 94</i>	<i>%Change</i>
Total Inspections	41,540,772	42,179,750	-2	483,500,874	508,191,076	-5
Air Admitted	5,460,472	4,967,282	10	61,315,269	56,813,016	8
Land Admitted	35,029,493	36,116,734	-3	407,756,193	436,917,748	-7

Total Inspections and Land Admissions



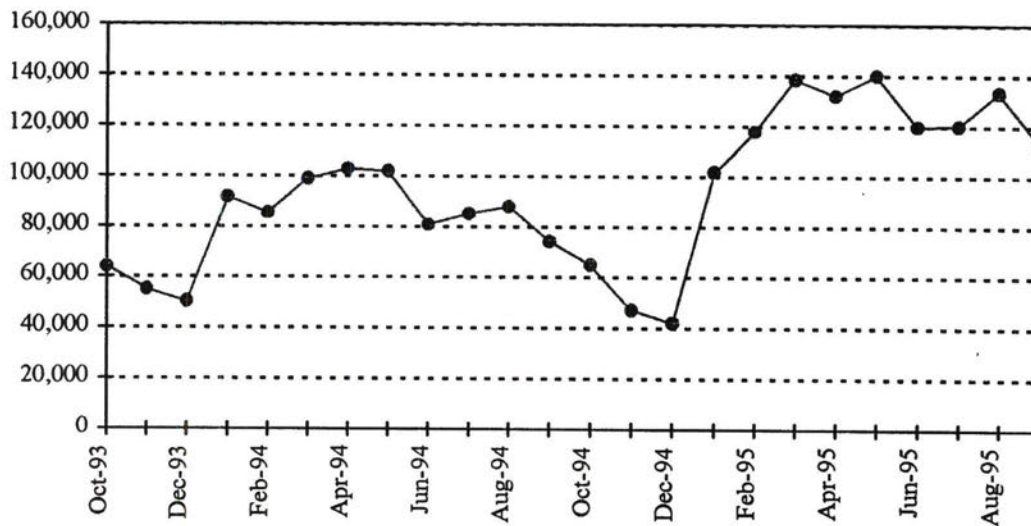
- Economic events in Mexico and Canada appear to have had an impact on INS inspections during FY 1995. Devaluation of the Mexican peso of 40 percent since December 1994 may have reduced traffic across the southern border. Also, traffic declined along the northern border compared to 1994 due to the decrease in Canadian tariffs, which decreased the economic incentive to cross into the United States for shopping.
- During FY 1995, INS revised the ratios it uses to better estimate the number of passengers per vehicle at each land port of entry. INS adjusted the ratio at several large land ports to improve the estimates of passengers, which is an additional factor related to the 7 percent decrease in land inspections for FY 95.
- Significant fiscal year 1995 Inspection workloads: over 80 million immigrants, refugees, and returning resident aliens were admitted; more than 223 million nonimmigrants were admitted; and over 159 million U.S. citizens were admitted during fiscal year 1995.

SOUTHWEST BORDER APPREHENSIONS

The Border Patrol made 112,812 apprehensions at the southwest border during September 1995, an increase of 52 percent compared to September 1994. Apprehensions for fiscal year 1995 increased by 30 percent compared to last year. Voluntary returns, conducted by Border Patrol agents, rose at the same rate (30%) as the increase in apprehensions.

	Month			Fiscal Year		
	Sep-95	Sep-94	%Change	FY 95	FY 94	%Change
Southwest Border Apprehensions	112,812	74,183	52	1,271,390	979,101	30
Southwest Border Voluntary Returns	110,799	69,094	60	1,244,267	954,311	30

Southwest Border Total Apprehensions



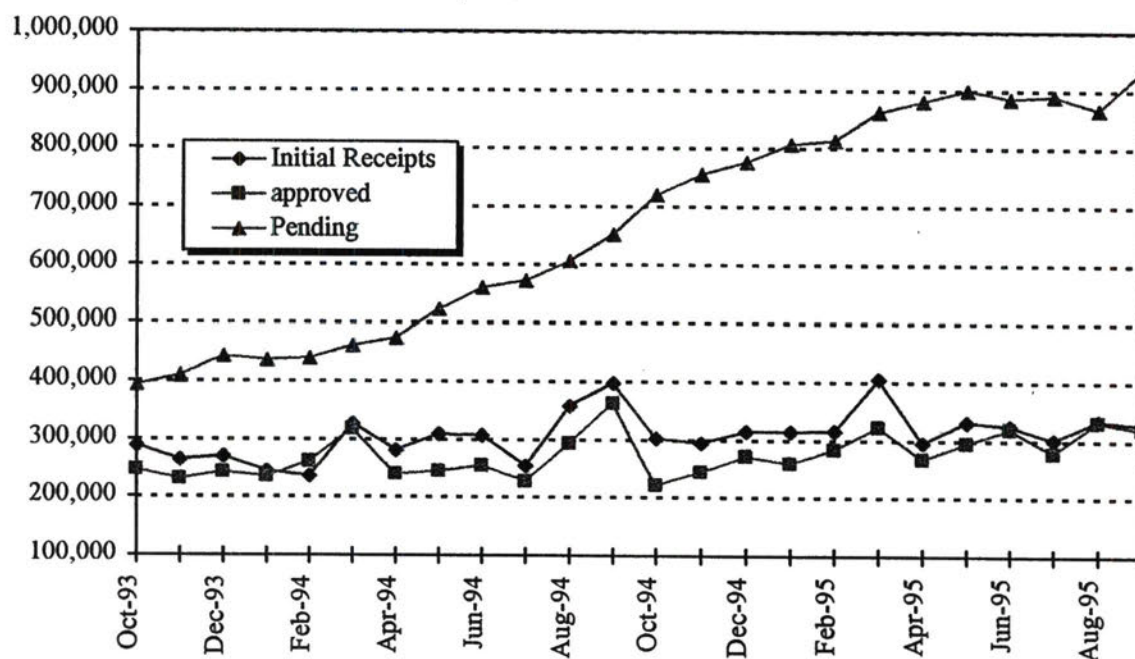
- Southwest border apprehensions for fiscal year 1995 increased by more than 292 thousand when compared to last year. This increase is due in part to economic conditions in Mexico which created pressure for illegal entry and the concurrent increase in INS enforcement efforts associated with Operation Gatekeeper. However, the total of 1.27 million for FY 95 southwest border apprehensions remains 20 percent lower than the peak of 1.6 million reached in fiscal year 1986.
- The IDENT system, which was installed in the San Diego Sector in October 1994, is providing new information about how often aliens are apprehended. Through August 22, 1995, a minimum of 39.6 percent of all the apprehensions were of aliens who had been previously apprehended. This means that, on average, there are 60 unique persons apprehended for every 100 apprehensions.
- Apprehensions are typically highest during March, April, and May, decrease through the summer and fall, and reach a yearly low in December.

APPLICATIONS FOR IMMIGRATION BENEFITS

Applications and petitions for immigration benefits in fiscal year 1995 increased by 9 percent compared to FY 1994. Approvals increased 8 percent compared to the previous year. Throughout the fiscal year, new applications and petitions outstripped approvals and denials, adding to the cumulative number of pending cases. Pending cases increased 43 percent during fiscal year 1995.

	Month			Fiscal Year		
	Sep-95	Sep-94	%Change	FY 95	FY 94	%Change
Initial Receipts	327,577	397,547	-18	3,866,335	3,545,621	9
Approved	319,663	362,517	-12	3,416,736	3,164,021	8
Denied	28,629	23,635	21	299,004	255,717	17
Pending	935,898	653,065	43	935,898	653,065	43

Applications for Benefits: Receipts, Approved, and Pending



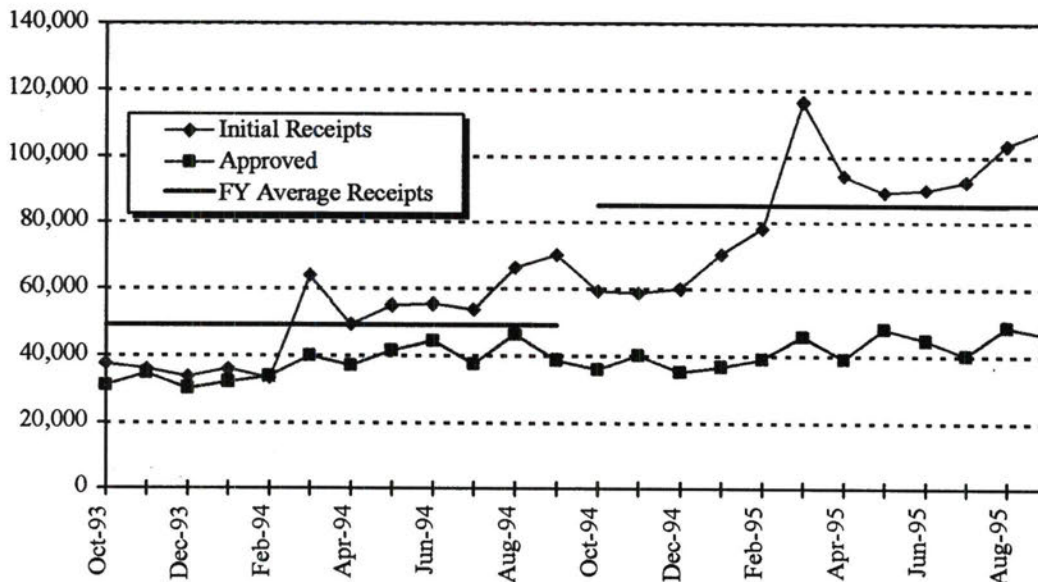
- Major volumes in FY 95 applications include: 865,000 I-765 applications for employment authorization; 646,000 I-130 petitions for relatives to become immigrants; 452,000 I-90 Green Card replacements; and 578,000 I-485 permanent resident adjustments.
- Pending cases have remained close to 900,000 for the past six months, and reached a new high of over 935,000 in September. This trend is partly due to the October 1, 1994 start of the 245 (i) program. The 245 (i) program allows aliens currently living in the United States to adjust to permanent resident status without returning to their country of origin if their visa application for legal admission is accepted. This program added over 200,000 cases to district office workloads during FY 95.

NATURALIZATION BENEFITS

More than 500,000 people were approved to be sworn in as U.S. citizens in fiscal year 1995, an increase of 12 percent over 1994. Receipts for naturalization benefits in September 1995 rose by 55 percent compared to the same month last year. Over a million new applications were received in fiscal year 1995, a 73 percent increase when compared to 1994.

	<i>Month</i>			<i>Fiscal Year</i>		
	<i>Sep-95</i>	<i>Sep-94</i>	<i>%Change</i>	<i>FY 95</i>	<i>FY 94</i>	<i>%Change</i>
Initial Receipts	108,457	70,198	55	1,021,969	592,039	73
Approved	46,354	38,736	20	500,666	448,360	12
Denied	4,167	3,908	7	48,802	43,599	12
Pending	741,231	334,420	122	741,231	334,420	122

Naturalization : Receipts, Approved, and Average Receipts



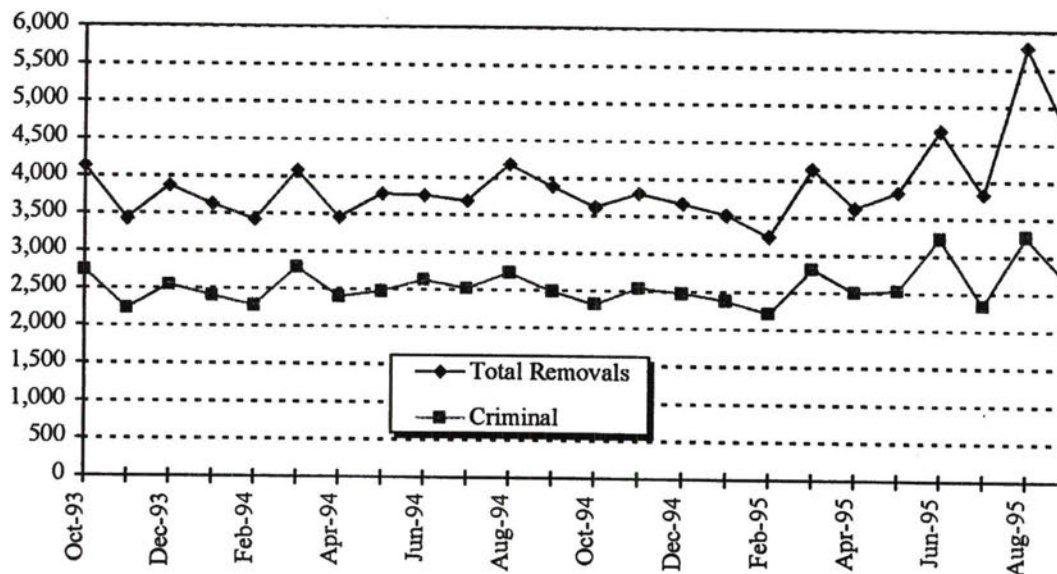
- The dramatic increase in demand for naturalization benefits over the past nine months has exceeded INS adjudicative capacity, contributing to the 122 percent rise in pending cases during fiscal year 1995.
- In September, INS announced a major new initiative, "Citizenship U.S.A.," to meet the challenge of the upsurge in naturalization applications. INS' goal is to ensure by summer 1996 that eligible persons will become new citizens within six months of filing applications.
- INS is significantly increasing staffing and resources in the five key cities which account for the majority of processing backlogs. These cities are Los Angeles, Miami, New York, Chicago, and San Francisco. This focused strategy should reduce pending naturalization cases in 1996.
- INS is also streamlining workflow and adjudications procedures to increase efficiency and productivity.

REMOVALS

INS total removals increased by 18 percent in September 1995 compared to the same month a year before. For FY 95, INS removed 48,361 aliens from the United States. The total number of removals for FY 95 is 7 percent higher than FY 94. Criminal alien removals exceeded the target of 28,579 and topped 31,000 for FY 95.

	Month			Fiscal Year		
	Sep-95	Sep-94	%Change	FY 95	FY 94	%Change
Deportations	3,674	3,387	8	40,938	39,758	3
Exclusions	913	501	82	7,423	5,573	33
Total Removals	4,587	3,888	18	48,361	45,331	7
Criminal Removals	2,636	2,488	6	31,244	30,256	3

Total and Criminal Removals



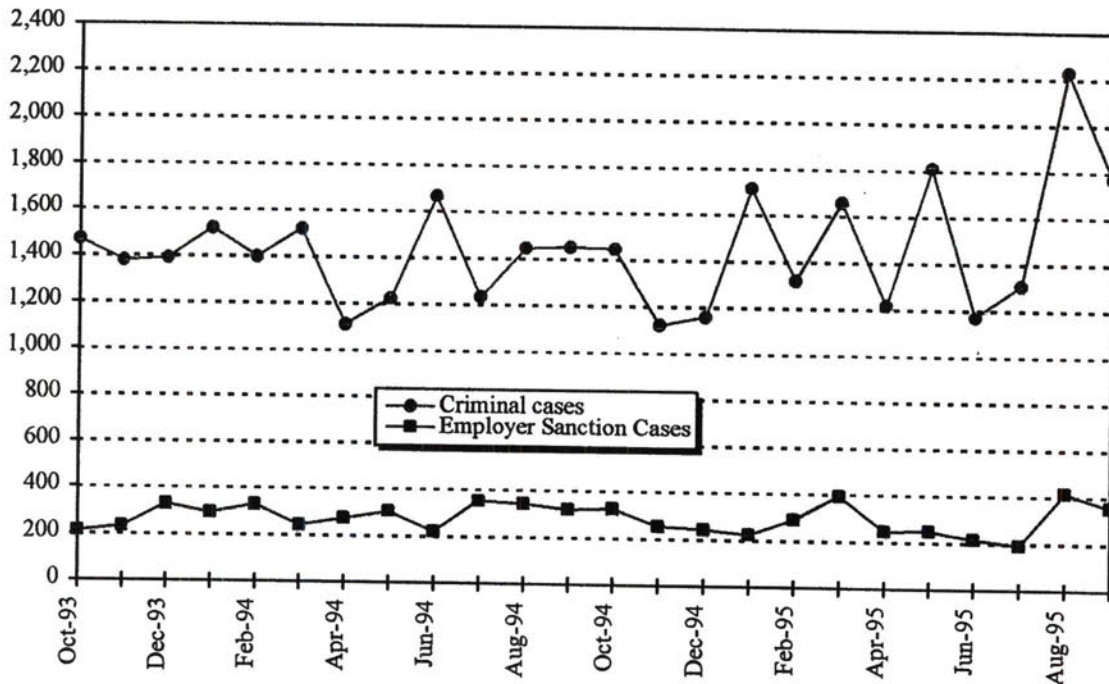
- The "Port Court" cooperative effort between INS, the Executive Office of Immigration Review, and the United States Attorneys in Southern California to expedite exclusions hearings operated for only part of September. As a result, the number of exclusions declined significantly between August and September. There were also decreases in resources for the Los Angeles County Jail Project which led to a decline in the number of deportations between August and September. Despite these restraints, the number of removals in September was the third highest monthly total.
- This month's report continues the use of an improved definition of criminal alien introduced in the May 1995 report. Criminal cases include people with a criminal conviction who were removed by an immigration judge for reasons other than that conviction. This change modifies the counts of criminal aliens in earlier reports dating to October 1993. It has no effect on total removals.

INVESTIGATIONS

For fiscal year 1995, successful completions of criminal cases increased by 7 percent, while employer and smuggling cases decreased by 2 and 14 percent respectively, compared to 1994. The pace of criminal and smuggling investigative work fluctuates monthly. Successful completions of both criminal and employer cases increased substantially in September 1995 compared to a year before, while antismuggling cases declined.

Achieving Objective	Month			Fiscal Year		
	Sep-95	Sep-94	%Change	FY 95	FY 94	%Change
Criminal Cases	1,771	1,450	22	17,930	16,816	7
Employer Sanction	355	320	11	3,402	3,461	-2
Antismuggling cases	33	69	-52	493	576	-14

Criminal and Employer Sanctions Cases Achieving Objective



- The decline in Employer Sanctions and Anti-smuggling cases for 1995 is due partially to a decrease in available investigators. Funding made available towards the end of FY 95 will increase investigative staffs, and these enhancements should add to the number of successfully completed employer and smuggling investigations in FY 96 when compared to 1995.

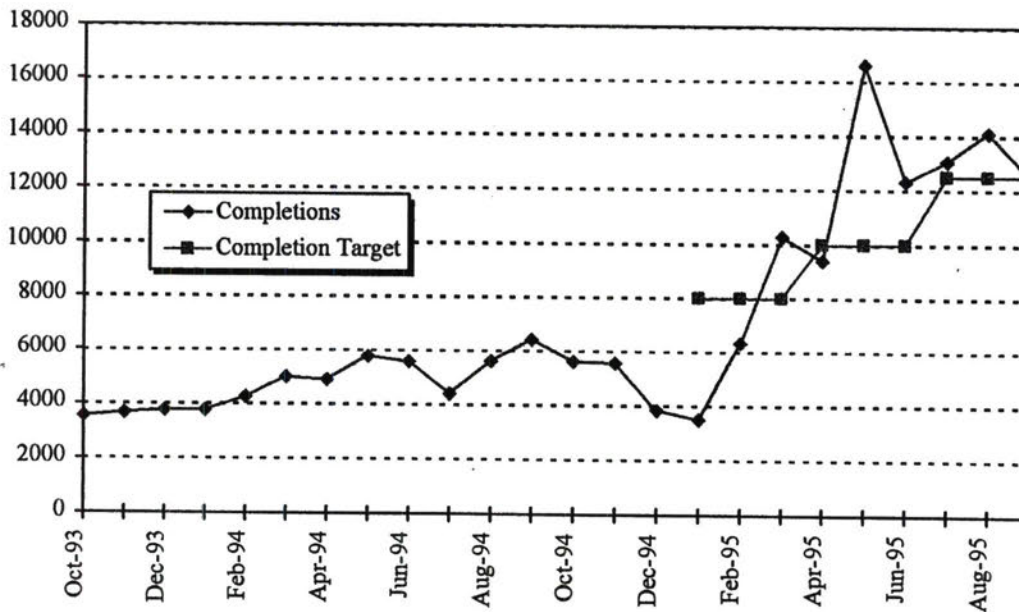
ASYLUM

New applications for asylum in September 1995 were 26 percent higher than the number filed in September 1994, due to the continuing large number of claims from nationals of El Salvador. Preliminary data for FY 1995 show the number of applications increased by 9 percent compared to FY 1994. The pending caseload rose slightly.

	Month			Fiscal Year		
	Sep-95	Sep-94	%Change	FY 95	FY 94	%Change
Initial Receipts	14,410	11,416	26	152,455	140,000	9
Approved	1,279	730	75	12,674	8,313	52
Denied	358	2,355	-85	14,461	29,565	-51
Referred to IJ	4,297	NA	NA	35,609	NA	NA
Pending	457,211	420,540	9	457,211	420,540	9

NA - Not applicable. IJ - Immigration Judges at the Executive Office for Immigration Review.

Asylum Completions and Target



- Completions are the sum of approvals, denials, referrals, and cases otherwise administratively closed.
- Cases completed exceeded target levels for the fifth straight month.

development (average income of Inupiat of Katovik is \$47,000), favor drilling. Gwich'in, who are poor and are concerned about fate of the Porcupine Caribou herd, oppose drilling. Even without drilling, Interior estimates that Inupiat revenues from oil should continue well into next century. The tract we are trying to preserve is a comparatively very small, biologically rich wilderness.

(D) **Rasco/Ben Ami update on initiatives re teen pregnancy; at-risk youth; adoption.**

Teen pregnancy: An interagency group is drafting summary of Administration efforts to be released when Dr. Foster is announced. Belle Sawhill is coordinator for initiative and is seeking foundation support for development of a prospectus. An "exciting proposal" for media has been made by Ann Moore of *People Magazine*. Follow-up meeting to White House event may be sponsored by Carnegie Corp. in mid-January, at which prospectus would be released and leadership council named.

At-risk youth: Interagency group is working on proposals for consideration in FY 97 budget. Possible options -- "dramatic expansion" of higher education opportunities; new ways to "catalyze communities" to support their youth; initiative to "increase involvement of fathers in lives of their children." Adoption: Goal is to reduce time children wait for adoption. First Lady planning wide range of events. HHS and DPC are working on policy options to reduce barriers to adoption.

(E) **CEA responses re Weekly Economic Briefing of October 13. Via Laura. (1)**

Notes that 7-10 million households would be affected by a rise in interest on adjustable-rate mortgages following a default on U.S. debt. (2) Discusses why chain-weighted data give worse results in recent years than for the overall 1970-93 period. Also notes that higher inflation under chain weights is simply the flip side of lower real GDP growth -- since nominal growth is unchanged, if real growth is lower, inflation must be higher. (3) Attaches an essay by Nobel winner Robert Lucas.

(F) **Jesse Jackson statement on Colin Powell's decision.** Three-page statement. In a nutshell: "So while we admire General Powell's personal virtues and character, and salute the grace with which he has handled himself, we challenge the [GOP] political direction he has chosen....Dr. King would go the other way."

(G) **L.A. Times article on drugs/crime and race.** Via Rahm, who worked with *Times* on piece. Discusses, among other things, the crack/powder disparity, but in a fair way, saying that "[Jesse] Jackson and other critics place far too much weight on this differential as an explanation for the high incarceration rate of young black men."

(H) **Poll on flat tax.** Conducted for the National Association of Realtors.

(I) **Cisneros memo on homeownership.** "Dramatic progress" in homeownership: homeowners up by 938,000 in 1995, lifting rate from 64.2% to 65%. Rate for young families is up 1%; .4% for modest-income families; 3% for minority families.

(J) **Harwood column on character.** From Don Baer. Reflections on character in politicians, the baby boomer generation and the press.

(K) **Sen. Levin note.** Encloses two clips on Somalia and Colin Powell.

*Develop
good ones
should
be by amendment*

THE PRESIDENT HAS SEEN
11-13-95

THE WHITE HOUSE

WASHINGTON

November 7, 1995

MEMORANDUM TO THE PRESIDENT

From: Carol Rasco *CR*
Jeremy Ben-Ari *JA*

Subject: Teen Pregnancy and Related Youth Initiatives

This memo provides an update on the five-part effort undertaken by the Domestic Policy Council in October to organize and expand upon the Administration's many initiatives to reduce the incidence of teen pregnancy and expand opportunities for youth generally.

1. Research and Evaluation

2. Supporting Local Demonstrations

- An inter-agency group led by Debbie Fine is drafting a summary of Clinton Administration efforts aimed at combatting teen pregnancy to be released at the announcement of Dr. Henry Foster's appointment as an Advisor to the White House on teen pregnancy and youth issues.
- The group is also preparing a comprehensive report which will list all research and demonstration projects that have been funded by the Administration to-date, as well as all initiatives planned for the coming year. This report will be completed by year-end.

3. Promoting a Private-Sector Initiative

- Letters have been sent from the President thanking all participants in the October White House meeting.
- Belle Sawhill has been designated as coordinator of the first phase of planning for the proposed bipartisan initiative. Dr. Sawhill is seeking foundation support for development of a detailed prospectus to describe the mission and functions of the new entity.
- A White House staff liaison to the private-sector group has been designated. Janet Abrams communicates regularly with Dr. Sawhill's planning team and with other key individuals from the October meeting.
- An exciting proposal for the media component of the national campaign has been made by Ann Moore of *People* Magazine. Ms. Moore will meet with Jane Fonda, Charlotte Beers (CEO, Ogilvy & Mather), and Belle Sawhill in NYC next week.

95 NOV 8 12:06

- The major follow-up meeting to the White House event may be hosted by the Carnegie Corp. in mid-January. At that session, the prospectus for the new national organization will be presented and deliberated, and a leadership council will be named.

4. Initiative to Expand Opportunities for Youth

- An inter-agency group has been convened to identify additional bold steps the Administration might take in the coming year on behalf of at-risk youth. The group will have a series of proposals for consideration in the preparation of the FY96 Budget. Options being explored include:
 - a dramatic expansion of opportunity to pursue higher education
 - new ways to catalyze communities to join together to support their youth
 - actions to spark further school reform, incorporating greater choice, rewarding performance, and expanding charter schools
 - ways to build upon and expand the National Service program
 - a possible initiative to increase involvement of fathers in the lives of their children

5. Foster Care / Adoption

- The goal of this effort is to reduce the amount of time children wait in foster care and for adoption. Diana Fortuna (DPC) and Debbie Both (Office of the First Lady) are working with HHS to:
 - increase public awareness of the need to recruit adoptive and foster care families
 - The First Lady is planning a wide range of events and media activities on adoption and foster care.
 - develop policy options that would reduce barriers to adoption
 - Questions under consideration include: how federal agencies can better assist states in their adoption and foster care work; whether additional funding or regulation is needed; whether changes might be made in the judicial process or the tax system as they affect adoption.

THE WHITE HOUSE
WASHINGTON

November 11, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*
SUBJECT: Recent Information Items

We have received the following recent items:

*asked by
to go on*
(A) **Rasco/Fleming update on WH AIDS Conference.** Goal of the December 6 conference is to communicate continuing urgency of epidemic -- 500,000 cases and 300,000 deaths so far in U.S. Some 200 persons will be invited. Satellite coverage is being planned. The Conference will begin with working groups in nine areas (such as research, prevention, treatment), followed by a plenary session in which working group representatives will talk with you. Ramp up to Conference includes a series of interviews by Patsy Fleming; a new PSA targeted at young adults, for release by HHS November 30; World AIDS Day, December 1; and, hopefully, final FDA approval of a new class of treatment drugs -- protease inhibitors. Attendees will receive our draft plan for combatting AIDS, with final plan released a month or two after the Conference. After Conference, Patsy may host a series of town meetings, perhaps in conjunction with national tour of the memorial quilt, culminating in a Washington event next October when the quilt will again be on display on the Mall.

(B) **Rivlin memo on impact of House cuts on D.C.** While Gingrich voices concern for D.C., proposed House cuts tell a different story. Job training: House eliminates federal funding for summer jobs, costing 2,000 jobs for D.C. youth compared to your proposal for \$3.8 million; cuts Dislocated Worker Assistance by 59% compared to your budget, reducing participation by 929 persons; cuts adult job training grants by 21% vs. your budget, 17% vs. FY 95, cutting participation by 260 persons. Education: House cuts Safe and Drug-Free Schools funding in half; cuts Title I grants by 20%, leaving 2,500 children unserved. Homeless assistance: House provides \$4.9 million compared to your request of \$8.2 million, denying day care, mental health care and job training to many. Drug abuse prevention and treatment: House cuts funding for substance abuse treatment by 38% vs. your request of FY 95. Head Start: House cuts 12% vs. your request, meaning 270 fewer D.C. children would get services. Transportation: cuts subsidies by 20% vs. your request, which could force a fare increase of over 5%. X

(C) **McGinty note on Arctic Slope Regional Corporation.** Encloses draft response to letter from ASRC. Katie explains division in Alaska's Native community over ANWR drilling. Inupiat, who have already benefitted greatly from oil and gas

THE WHITE HOUSE
WASHINGTON
November 8, 1995

95 NOV 9 AM 11:55

MEMORANDUM FOR THE PRESIDENT

FROM: Carol Rasco and Patsy Fleming
SUBJECT: Plans for the White House Conference on AIDS

This memo is to update you on the progress of plans for the December 6th White House Conference on AIDS.

The goal of the conference remains to communicate to the American people the continued urgency of the epidemic and the Administration's commitment to addressing it. The conference will be particularly timely given that the Centers for Disease Control is announcing this week that the total number of cases in the United States has passed the 500,000 mark, with deaths totalling more than 300,000.

We are working with two foundations that have offered to co-sponsor the event. This will permit us to provide assistance to attendees for travel and hotels, as well as to provide lunch and a reception during the Conference.

Invitations: Response within the AIDS community to the announcement of the conference has been extremely positive. More than 1100 individuals have been recommended as attendees. We have completed the process of reducing that number to 200 individuals, in addition to the 30 members of the Presidential HIV/AIDS Advisory Council. (Many of the attendees have been recommended by Advisory Council members.) Invitations are going out on Wednesday, November 8th.

Outreach: Because so many people have expressed interest in the conference, we have developed several mechanisms that will permit broader participation and inclusion since the number of attendees the conference can accommodate is limited. A mailing to over 3,500 organizations has gone out asking for ideas on what the American people ought to know about the epidemic. An electronic appeal on various computer networks has also been sent. We are in the process of setting up a home-page for the conference on the World Wide Web to increase distribution of information about the conference and expand opportunities for input. Finally, we are working on setting up satellite coverage of the conference plenary, working with local supporters in several cities to host events that will permit broad viewing of the event.

Structure of the Conference: The one-day meeting will begin with working groups covering nine subject areas (e.g., research, prevention, treatment, housing, discrimination, etc.). These working groups will be co-chaired by Advisory Council members. During the plenary session, following your brief opening remarks, representatives from each of the working groups will have an opportunity to discuss their views with you. After the plenary, a reception will be held for attendees and others at the Renwick Gallery. We have worked closely with members of the Advisory Council in developing the structure and agenda for the day.

Creating momentum: In addition to the outreach discussed above, a number of steps are being taken to build momentum for the Conference. Patsy Fleming is doing a series of press interviews to increase interest in the conference. On November 30th, the Department of Health and Human Services will release a new public service announcement campaign targeting young adults with HIV prevention messages. On World AIDS Day (December 1st) a number of Administration officials will participate in public events. This week, the Food and Drug Administration's Anti-Viral Advisory Committee may well recommend approval of two new therapies for treating HIV. One of these is an entirely new class of drugs called protease inhibitors. Final FDA approval could occur just before the Conference. This will lend a feeling of tremendous hope about the research efforts under way. Finally, attendees will receive a draft of the Federal government's plan for combatting AIDS -- an articulation of the goals and objectives of our research, services, and prevention effort.

Maintaining momentum: It will be important to maintain the good feeling we anticipate will result from the Conference -- good feeling about the Administration's commitment to maintaining a visible presence in the fight against AIDS and good feeling about the direction of Administration policy. To that end, in the month or two following the Conference, we anticipate release of the final version of the national plan as well as release of the report to you on the state of the epidemic among adolescents. We also anticipate favorable response to the release of the FY 1997 budget, since certain AIDS programs remain investment priorities.

It will also be critical to keep open the lines of communication that the Conference will have helped to create. Patsy Fleming is developing a series of options for strengthening the Administration's visibility in the local HIV/AIDS communities around the nation. The Office of National AIDS Policy, in conjunction with local health departments and/or community based organizations, may host a series of town meetings on AIDS, perhaps held in conjunction with the national tour of the AIDS memorial quilt. This will attract both AIDS activists as well as those who are less political but whose lives have been deeply touched by the epidemic. These events would involve Patsy Fleming and key Administration officials (e.g., Secretaries Shalala and Cisneros). The town meetings can culminate in a Washington-based event next October, involving you, when the entire quilt will again be on display on the Mall.



THE PRESIDENT HAS SEEN
11-13-95
EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

TO the President
FYI
O
JRC

95 NOV 8 P2:55 October 27, 1995

MEMORANDUM FOR LEON PANETTA / U.P. we have to
FROM KATIE MCGINTY determine whether
SUBJECT: ENVIRONMENTAL ISSUES IN RECONCILIATION can veto & what we
have to work to change

This memo is in response to your request for additional information on environmental issues of concern in the House and Senate passed Budget Reconciliation Bills.

The House and Senate Reconciliation bills have numerous provisions that raise issues of environmental concern. Ironically, in many cases the provisions also present a rip-off of the American taxpayer because they perpetuate unwarranted subsidies, offer sham reforms, or rely on false assumptions regarding their contribution to deficit reduction.

Most of these provisions affect resource management issues of the Department of Interior (DOI) or the U.S. Forest Service and were passed either by the House Resources Committee or the Senate Energy and Natural Resources Committee. Of these provisions, the one that has attracted the most attention is the drilling of the Arctic National Wildlife Refuge. However, numerous other provisions have been included some of which have very serious environmental implications. In addition to these resource management provisions, there are a few provisions related to energy policy that raise environmental issues.

A list of provisions of environmental concern follows.

Arctic National Wildlife Refuge (ANWR)

The House and Senate bills call for the opening of ANWR to oil and gas drilling in hopes of generating \$1.3 billion in federal revenues. The Administration believes that opening ANWR will endanger a sensitive ecosystem and has threatened a veto of any bill that includes this provision.

* { The Reconciliation revenue estimate is based on an implausible analysis that greatly inflates the likely yield. First, it is based on an expected selling price of \$30 or more for a barrel of oil in the year 2000 when the Energy Information Administration predicts the price to be only \$19. Second, the current estimates of the reserves that are likely to be recoverable have been significantly lowered. Third, the State of Alaska is laying claim to 90% of the revenue and is threatening to sue.

In addition, drilling ANWR is not necessary from an energy policy point-of-view -- in fact there is as much oil in the energy efficiency programs the Republicans are cutting in the Interior appropriations bill than is likely to be recovered from ANWR.

Hardrock Mining Reform

The House and Senate proposals regarding the mining law of 1872 do little to fix this outdated statute. Their sham reform proposals essentially retain the notorious patenting provision whereby the government transfers billions of dollars of publicly-owned materials at relatively little charge to private interests. In addition, the proposed "net" royalty on proceeds from minerals production on federal lands allows excessive deductions, raising only a small amount of money due to taxpayers.

Ward Valley Land Transfer

Both the House and the Senate have included provisions transferring federal land to the State of California from the Department of the Interior for use as a low-level nuclear waste site. DOI has been negotiating with the State of California to transfer the land in exchange for certain conditions designed to build public confidence and to answer some scientific questions raised by the National Academy of Sciences. Those negotiations were unilaterally halted by the State of California when the reconciliation option began to move. The Administration has stated its opposition to this provision in reconciliation, and continues pursuit of a negotiated transfer with enforceable commitments.

Endangered Species Act

The House bill exempts certain federal actions from the consultation requirements of Section 7(d) of the Endangered Species Act even if they are likely to affect threatened or endangered species. This exemption will weaken, and in some instances remove, agencies' responsibilities to play a preventive role in the protection of these species.

Grazing

X | The House bill rescinds the Administration's final rangeland reform regulations and imposes a new grazing fee formula far below market rates. The provision circumvents federal guidelines that protect fish, wildlife, and water resources on public lands.

Water Subsidies

The Senate bill creates a loophole for large corporate farms to receive water for less than they would pay under the new rates about to be issued by the Department of Interior by allowing them to "prepay" their charges. The result of this proposal would be to subsidize large corporate farm with water rates that have been reserved for small, family farms and would actually cost the Treasury tens of millions of dollars in lost revenues over the next several years.

Miscellaneous Property Transfers

The House and Senate bills contain numerous provisions involving natural resource agencies that sell federal property or provide other government-controlled benefits at rates

below that which the market would provide or a more responsible proposal would allow. Although many of these provisions may not have direct environmental impacts, the correction of these provisions could provide additional revenues that could be used to offset the cost of deleting environmentally offensive provisions.

In the House bill some of these provisions of concern include: an uncompetitive approach to the handling of park concessions; the sale of land within National Forests to existing ski area permit holders; a below market soda ash royalty cap (Trona); transfer of the Sly Park Unit federal facility; the Central Utah Project prepayment at too low of a rate; and the lowering of water rates for the city of Folsom, CA.

In the Senate bill such provisions include: the proposal for the Communication Site Fees, that would prevent the implementation by the Forest Service and the Bureau of Land Management of a fair market fee system; the Collbran Project transfer proposal that provides an unwarranted water district subsidy; and the DOI aircraft services proposal.

Energy Policy

* { The House bill accelerates the phase-out of a 1992 production tax credit intended to provide tax equity for wind and biomass energy compared with conventional fuels. The bill also taxes as income rebates provided by utilities to their commercial customers to promote energy efficiency. Both of these provisions would adversely affect projects and beneficiaries disproportionately located in California.

The House and Senate bills both include provisions related to royalty relief for oil and gas production. The Senate provision, which applies to new leases in the deepwaters of the central and western Gulf of Mexico, seems especially dubious since it relies on a gimmick that would actually increase the deficit after the seven-year horizon of the bill.

SUPERFUND

In addition to these other environmental issues dealing with resource management, the Senate has extended the Superfund tax pending reauthorizaion. Although we may want to support extension of this tax at this time, this legislation may present us with an opportunity to raise issues related to the funding provided to Superfund in the EPA appropriations bill. The Administration should review this situation in the overall context of our budget negotiations.

③ I think we endorsed
this didn't we?

THE PRESIDENT HAS SEEN
11-10-95

NOVEMBER 9, 1995

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

95 NOV 9 P5:38

FROM: DOUG SOSNIK

SUBJECT: DAILY REPORT

1996 Presidential

USA Today/CNN/Gallup Poll

Their poll (conducted November 6-8 among 735 adults) found Gingrich's favorable/unfavorables at 25% to 56%. Bob Dole's favorable/unfavorables are 42%-44% -- a drop from his February numbers of 57%-32%. As for GOP cuts, in February only 39% thought they went too far; 51% did not think they went too far. Today, 57% think the GOP cuts go too far and 36% do not think they go too far. **Sixty percent** think you should veto the GOP budget, 33% think you should sign the GOP budget. In February 52% thought the GOP Congress should have more influence over the country vs. 37% who thought you should have more influence. Today, 48% think you should have more influence, and 42% think the Congress should have more influence.

Republican Poll

Attached is a presentation of an early October poll by Republican pollster W.D. McInturff. I particularly wanted to point out the job approval numbers of you and Ronald Reagan on page 4; the recession numbers on page 15; and Presidential year voters on page 32. Please note the conclusion drawn on page 38.

ABC Poll

Their poll, conducted yesterday among 822 adults, found you with a strong lead over all Republican contenders and your margin over Dole has widened following General Powell's announcement. (Poll summary attached)

	<u>Now</u>	<u>10/30</u>	<u>10/1</u>
Clinton	51%	49%	52%
Dole	41	48	42

Clinton	62%	Clinton	45%
Gingrich	28	Dole	31
		Perot	20

GOP PRIMARY

Dole	54%
Buchanan	9
Gramm	9
Forbes	5
Lugar	3
Specter	3
Alexander	3
Keyes	2
Dornan	1

CBS Poll

Their poll, conducted yesterday among 744 adults, found Dole maintaining a strong lead in the GOP primary. Fifty-seven percent of those polled are satisfied with the present GOP field.

	<u>Now</u>	<u>10/95</u>	GENERAL ELECTION	<u>Now</u>	<u>10/95</u>
Dole	54%	45%	Clinton	48%	42%
Gramm	9	8	Dole	35	33
Alexander	6	3	Perot	13	19
Buchanan	5	6			
Forbes	3	5			
Keyes	2	1			
Lugar	2	2			

Harris Poll

Their poll, conducted 11/2-11/6 among 1,007 adults, had positive news on your job approval. For the first time since Feb. 1994, more respondents said you are doing a good job than a bad one. Furthermore, you have gained 10 percentage points on the positive side in the past seven months.

	CLINTON		DOLE	GINGRICH
JOB APPROVAL	<u>Now</u>	<u>10/95</u>	<u>Now</u>	<u>Now</u>
Positive	51%	47%	36%	32%
Negative	48	52	58	62

ABC News announced it will stage a debate among GOP hopefuls March 14 (5 days before Super Tuesday) at the University of Illinois at Champaign.

Steve Forbes

Manchester's Union Leader (NH) reported that Forbes has purchased a massive buy on WMUR-TV. Forbes has bought \$49,000 worth of advertising for next week alone; that is enough for 10 to 15 spots per day.

Rep. Frank Cremeans (R-OH) announced he will serve as Forbes national Co-chair.

Jesse Jackson

The AP is reporting that Jackson is now considering entering the Presidential race. Clip attached.

Arlen Specter

Specter said he may suspend his Presidential bid if forced to choose between that and running up a campaign debt. "I'm not going to go into debt, and we're very low on cash," he said. As of Sept. 30, Specter reported a debt of nearly \$500,000, but his campaign expects to receive \$1 million in federal matching funds. He said that fundraising has been slow because moderate donors were waiting for an announcement by Powell. Specter recently sent out a round of direct-mail appeals. Specter thinks he will need \$2 million in "fast dollars" to be able to buy television ads in Iowa and New Hampshire.

Joan Specter, a member of the Philadelphia City Council, was defeated Tuesday night.

STATE-BY-STATE REPORT

Iowa

✓ The city of Clinton elected Iowa's first African American woman mayor, LaMetta Wynn, on Tuesday.

Illinois

Rep. Cardiss Collins became the ninth House member to announce retirement. This is a solidly Democratic seat.

Louisiana

While commenting today on New Orleans' high murder rate, Republican gubernatorial candidate Mike Foster referred to New Orleans as a "jungle". This comment is sure to draw the fire of African American Democratic candidate Cleo Fields who Foster accused of "playing the race card" after Fields asked Foster why he had not repudiated the endorsement of David Duke.

Oregon

KVAL-TV in Eugene will release a Senate primary poll tomorrow which will show a tightening race in the Democratic primary. The poll shows Ron Wyden leading opponent Peter DeFazio by a 41% to 36% margin.

Washington

State Senator Nita Rinehart (D) announced she has decided to run for governor. She will challenge incumbent Governor Mike Lowry in the Democratic primary. In a low-key announcement, Rinehart produced a letter signed by ten Democratic State Senators endorsing her candidacy. In 1992 Rinehart narrowly lost the Democratic nomination for Lieutenant Governor. Incumbent Democratic Governor Mike Lowry (D) has yet to decide whether or not he will seek re-election next year.

Takings

In a big win for environmentalists, voters rejected a Washington State proposal to pay property owners for land value lost to regulation 60% to 40%. At the White House's request the DNC put \$5,000 into the NO race the last weekend of the election.

*Survived to
a couple of letters
to her*

TO: TODD STERN
ERSKINE BOWLES

FROM: JIM DORSKIND

DATE: November 10, 1995

95 NOV 10 P7:11

COMMEMORATIVE PROCLAMATION REQUEST

Commemoration Title: National Smokeout Day
Commemoration Date(s): November 16, 1995
Requestor Name(s): Jennifer O'Connor
Organization: The White House
Request Date: November 10, 1995
Congressional Support: None
Contact Telephone Number: 6-6797
History: None; although National Smokeout Day has been commemorated for some time, it has never been proclaimed by any President.

NOTES: I argued (so far unsuccessfully) with Jennifer that since this occasion is commemorated anyway, it is unnecessary for the President to proclaim the day, and that a strongly supportive message should suffice. This is especially so given the extremely short time frame and the impending shutdown of this department, to say nothing of the government as a whole. I told her that I would relay to you her view that this should be a proclamation, but that I am recommending a MESSAGE. Obviously, it's your call.

Please indicate approval or disapproval of a MESSAGE, or another recommendation:

EB _____

TDS

OK for PROCLAMATION

THE WHITE HOUSE
WASHINGTON

10 November 1995

MEMORANDUM FOR JIM DORSKIND

FROM: JENNIFER O'CONNOR

RE: ATTACHED

Thursday (16 November) is "National Smokeout Day." Attached is a draft proclamation for the President to issue. Please get back to me with any comments or changes your staff make. My number is 6-6350. Thanks.

Our children are the most precious resource and our most sacred responsibility. As parents and grandparents, as teachers and caregivers, as ministers and rabbis, we all strive to protect and nurture our children. We want them to grow up strong and healthy. We seek to give them a future even brighter than the future given to us.

Our children also teach us many important lessons, because they look at the world through wandering eyes. Children often help us to see more clearly.

As a government, we have no higher responsibility than to protect our children, and we have no more important constituency to hear than our children. That is why our Administration is proposing steps to reduce children's use of tobacco products by limiting access and reducing appeal.

The "Great American Smokeout" has for years helped us as a nation to understand the tragic human toll of death and disease caused by smoking: more than 400,000 Americans die each year from smoking related diseases. This year, the "Great American Smokeout" will help us as a nation understand that our children are at risk from the pediatric diseases caused by nicotine addiction: 3,000 young people become regular smokers each day, and nearly one thousand of them will die prematurely due to its effects.

NOW, THEREFORE, I, WILLIAM J. CLINTON, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim November 16, 1995, as "National Great American Smokeout Day." I call upon all Americans to join together in efforts to prevent our children from using tobacco products.

THE WHITE HOUSE
WASHINGTON

November 18, 1995

THE PRESIDENT HAS SEEN
11-18-95

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*
SUBJECT: Recent Political Information Items

I am forwarding the following recent political items:

- 1. Ann Lewis memo on Nov. 9 meeting with Minnesota DFL Senate Caucus. Forwarding letter from Paul Kirk, co-chair of Commission on Presidential Debates. Proposal: 3 presidential, one vice-presidential between Sept. 25 and Oct. 16; 90 minutes each; single moderator; for presidentials, one standing at podiums, one town meeting style, one seated at a table. Proposal is, of course, not binding, but carries weight.*
- 2. Ickes note on podium for 1996 Democratic Convention. Harold has a scale model of the proposed podium in his office and wants to know if you, the VP, Mrs. Clinton and Mrs. Gore would like to see it. Final decisions on the podium have to be made by the end of this month. Janice Enright will make arrangements to have the podium brought in if you want to see it.*
- 3. Ickes note on Gary Smith as producer of 1996 convention. Asks whether you, VP, Mrs. Clinton or Mrs. Gore approve of having Gary Smith produce the 1996 Convention. He did the 1992 Convention and recently met with Debra DeLee and Harry Thomason, who favor choosing him for 1996. He has also done the 1988 Convention, the 1993 Inauguration Gala, the Barbra Streisand Special, the Disney Teacher Award. Don Fowler, Alexis Herman, Mike Berman and Susan Thomases recommend him highly. Harold will instruct Debra DeLee to enter into a contract with him if he does not hear any objection by 5 pm on Tuesday, Nov. 21.*
- (A) Ann Lewis memo on Nov. 9 meeting with Minnesota DFL Senate Caucus. Talked about our values framework and importance of positive, optimistic language. Very well received. Ann includes sample of comments and questions from her audience.
- (B) Ickes note on presidential debates. Forwarding letter from Paul Kirk, co-chair of Commission on Presidential Debates. Proposal: 3 presidential, one vice-presidential between Sept. 25 and Oct. 16; 90 minutes each; single moderator; for presidentials, one standing at podiums, one town meeting style, one seated at a table. Proposal is, of course, not binding, but carries weight.
- (C) Materials on DNC talk radio initiative. From Harold.

We have also received the following items:

Ickes note on podium for 1996 Democratic Convention. Harold has a scale model of the proposed podium in his office and wants to know if you, the VP, Mrs. Clinton and Mrs. Gore would like to see it. Final decisions on the podium have to be made by the end of this month. Janice Enright will make arrangements to have the podium brought in if you want to see it.

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16 November 1995 95 NOV 17 P7:30

MEMORANDUM TO

THE PRESIDENT
THE VICE PRESIDENT
HILLARY RODHAM CLINTON
MARY ELIZABETH GORE

CC

LEON PANETTA
MAGGIE WILLIAMS
RON KLAIN
SKILA HARRIS
DOUG SOSNIK
STEVE RICCHETTI
DEBRA DE LEE
DON FOWLER
CHRIS DODD
ALEXIS HERMAN
SUSAN THOMASES
HARRY THOMASSON
MIKE BERMAN

FROM

HAROLD ICKES 

RE

Gary Smith - as producer of the 1996
Democratic National Convention

Gary Smith, of Los Angeles, produced the 1992 Democratic National Convention. He, Debra DeLee and Harry Thomason met several months ago and both Debra and Harry are very much in favor of Gary's acting in the same capacity with respect to the 1996 Democratic National Convention. Among other events, he has produced the gala for the 1993 Inauguration, the Barbra Streisand special (for which he just won an Emmy), the Disney Teacher Award and the 1988 and 1992 Democratic National Convention. Don Fowler, the CEO of the 1988 Democratic National Convention, Ron Brown, Alexis Herman, Susan Thomases and Mike Berman recommend him highly.

If any of you have objections to Gary's being retained as the producer of the 1996 Democratic National Convention, in which connection he will work very closely with Harry Thomason and others, please let me know by the 5:00 p.m., Tuesday 21 November, otherwise, I will tell Debra DeLee that the Democratic National Convention Committee may proceed to enter into a contract with him.

THE WHITE HOUSE
WASHINGTON

November 18, 1995

THE PRESIDENT HAS SEEN
11-18-95

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*
SUBJECT: Recent Political Information Items

I am forwarding the following recent political items:

- 1. Ann Lewis memo on Nov. 9 meeting with Minnesota DFL Senate Caucus. Talked about our values framework and importance of positive, optimistic language. Very well received. Ann includes sample of comments and questions from her audience.*
- 2. Ickes note on presidential debates. Forwarding letter from Paul Kirk, co-chair of Commission on Presidential Debates. Proposal: 3 presidential, one vice-presidential between Sept. 25 and Oct. 16; 90 minutes each; single moderator; for presidentials, one standing at podiums, one town meeting style, one seated at a table. Proposal is, of course, not binding, but carries weight.*
- 3. Materials on DNC talk radio initiative. From Harold.*

We have also received the following items:

1. Ickes note on podium for 1996 Democratic Convention. Harold has a scale model of the proposed podium in his office and wants to know if you, the VP, Mrs. Clinton and Mrs. Gore would like to see it. Final decisions on the podium have to be made by the end of this month. Janice Enright will make arrangements to have the podium brought in if you want to see it.

2. Ickes note on Gary Smith as producer of 1996 convention. Asks whether you, VP, Mrs. Clinton or Mrs. Gore approve of having Gary Smith produce the 1996 Convention. He did the 1992 Convention and recently met with Debra DeLee and Harry Thomason, who favor choosing him for 1996. He has also done the 1988 Convention, the 1993 Inauguration Gala, the Barbra Streisand Special, the Disney Teacher Award. Don Fowler, Alexis Herman, Mike Berman and Susan Thomases recommend him highly. Harold will instruct Debra DeLee to enter into a contract with him if he does not hear any objection by 5 pm on Tuesday, Nov. 21.

95 NOV 13 P7:01

9 November 1995

MEMORANDUM TO THE PRESIDENT

CC: Leon Panetta
Erskine Bowles
Don Baer
Mrs. Lieberman

From: Harold Ickes *NA*

Re: Jon Christopher-Bua - DNC Talk Radio Initiative

I thought you would be interested in the attached document captioned "Something New in Talk Radio . . . The Truth" which describes the DNC's Speakers Bureau/Talk Radio Initiative organized and managed by Jon Christopher-Bua.

cc: David Eichenbaum (DNC)

THE WHITE HOUSE
WASHINGTON

November 18, 1995

THE PRESIDENT HAS SEEN
11-18-95

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*
SUBJECT: Recent Political Information Items

I am forwarding the following recent political items:

- 1. Still need for more info on this for the paper*
- (A) **Ann Lewis memo on Nov. 9 meeting with Minnesota DFL Senate Caucus.** Talked about our values framework and importance of positive, optimistic language. Very well received. Ann includes sample of comments and questions from her audience.
- (B) **Ickes note on presidential debates.** Forwarding letter from Paul Kirk, co-chair of Commission on Presidential Debates. Proposal: 3 presidential, one vice-presidential between Sept. 25 and Oct. 16; 90 minutes each; single moderator; for presidentials, one standing at podiums, one town meeting style, one seated at a table. Proposal is, of course, not binding, but carries weight.
- (C) **Materials on DNC talk radio initiative.** From Harold.

We have also received the following items:

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Ickes note on podium for 1996 Democratic Convention. Harold has a scale model of the proposed podium in his office and wants to know if you, the VP, Mrs. Clinton and Mrs. Gore would like to see it. Final decisions on the podium have to be made by the end of this month. Janice Enright will make arrangements to have the podium brought in if you want to see it.

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16 November 1995 95 NOV 17 P7:54

MEMORANDUM TO

THE PRESIDENT
THE VICE PRESIDENT
HILLARY RODHAM CLINTON
MARY ELIZABETH GORE

CC

LEON PANETTA
MAGGIE WILLIAMS
RON KLAIN
SKILA HARRIS
DOUG SOSNIK
DEBRA DE LEE
STEVE RICCHETTI
DON FOWLER
CHRIS DODD
MIKE BERMAN

FROM

HAROLD ICKES (42)

RE

Podium for the 1996 Democratic National
Convention

I have, in my office, a scaled-model of the proposed podium for the 1996 Democratic National Convention. I would appreciate your letting me know if you would like to see it, and if so, how I can make it most convenient for you to see it within the next 2 weeks. We need to make final decisions with respect to the podium no later than the end of November so that construction contracts can start being let.

Please call me or Janice Enright at 6-2459 to make arrangements to have the podium brought to you for viewing.

WASHINGTON

November 18, 1995

THE PRESIDENT HAS SEEN
11-18-95

FROM:

TODD STERN 

SUBJECT:

Recent Political Information Items

I am forwarding the following recent political items:

- (A) Ann Lewis memo on Nov. 9 meeting with Minnesota DFL Senate Caucus. Talked about our values framework and importance of positive, optimistic language. Very well received. Ann includes sample of comments and questions from her audience.
- (B) Ickes note on presidential debates. Forwarding letter from Paul Kirk, co-chair of Commission on Presidential Debates. Proposal: 3 presidential, one vice-presidential between Sept. 25 and Oct. 16; 90 minutes each; single moderator; for presidentials, one standing at podiums, one town meeting style, one seated at a table. Proposal is, of course, not binding, but carries weight.
- (C) Materials on DNC talk radio initiative. From Harold.

We have also received the following items:

- Ickes note on podium for 1996 Democratic Convention. Harold has a scale model of the proposed podium in his office and wants to know if you, the VP, Mrs. Clinton and Mrs. Gore would like to see it. Final decisions on the podium have to be made by the end of this month. Janice Enright will make arrangements to have the podium brought in if you want to see it.
- Ickes note on Gary Smith as producer of 1996 convention. Asks whether you, VP, Mrs. Clinton or Mrs. Gore approve of having Gary Smith produce the 1996 Convention. He did the 1992 Convention and recently met with Debra DeLee and Harry Thomason, who favor choosing him for 1996. He has also done the 1988 Convention, the 1993 Inauguration Gala, the Barbra Streisand Special, the Disney Teacher Award. Don Fowler, Alexis Herman, Mike Berman and Susan Thomases recommend him highly. Harold will instruct Debra DeLee to enter into a contract with him if he does not hear any objection by 5 pm on Tuesday, Nov. 21.

THE PRESIDENT HAS SEEN
11-18-95

95 NOV 13 P7:00

9 November 1995

MEMORANDUM TO THE PRESIDENT
THE VICE PRESIDENT

CC: Leon Panetta
Maggie Williams
David Strauss
Skila Harris
Doug Sosnik

From: Harold Ickes 

Re: Commission on Presidential Debates

Attached is a self explanatory 18 October 1995 letter to me from Paul G. Kirk, co-chair of the Commission on Presidential Debates, as well as a copy of the 18 October 1995 letter from Mr. Kirk to the President stating that the Commission had recommended 3 Presidential debates and 1 Vice Presidential debate, each 90 minutes in length. The Commission recommends the debates be scheduled on 4 consecutive Wednesdays beginning 25 September 1996 and ending 16 October.

I've talked to Paul Kirk about this.

The Commission merely makes recommendations, they are not binding, but they do carry weight. Obviously at some point the White House will be asked the President's reaction to the scheduling of 3 debates. Based on past precedent, these dates may or may not hold. Ultimately, no debates will be held unless the Presidential candidates agree on time, date, and format.

Let's discuss.

October 18, 1995

Honorable Harold Ickes
Deputy Chief of Staff to
The President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Harold:

Perhaps we will have had a chance to chat, at least by phone, prior to your receipt of this letter and the enclosed letter to President Clinton regarding the announcement of the debate schedule, etc. for 1996. I would like to be able to stop by to see you briefly prior to October 31st if that is workable. In the meantime, let's keep trying to get together by phone. I appreciate your returning my phone call.

With all good wishes.

Sincerely,



Paul G. Kirk, Jr.

PGK:ccb
Enclosure

End Boston Globe cover story!

Co-chairmen

Frank I. Fahrenkopf, Jr.
Former Republican
National Committee Chairman
Paul G. Kirk, Jr.
Former Democratic
National Committee Chairman

Honorary Co-chairmen

Gerald R. Ford
Jimmy Carter

Executive Director
Janet H. Brown

Directors

John C. Culver
Pamela Hartman
Vernon E. Jordan, Jr.
Richard Moe

David Norcross
Kay Orr
Representative Barbara Vucanovich
Governor Pete Wilson

COMMISSION ON
PRESIDENTIAL DEBATES

601 Thirteenth St. NW • Suite 310 South • Washington, DC 20005 • (202) 872-1020

October 18, 1995

The Honorable William Clinton
President of the United States
The White House
Pennsylvania Avenue
Washington, DC 20500

Dear President Clinton:

In advance of a press conference which the Commission on Presidential Debates has scheduled for October 31, 1995, I am writing in advance to let you know you of its recommendations for the general elections debates of 1996.

At our Board meeting last month, the Commission voted to recommend the following:

- Four debates - three presidential and one vice presidential;
- Each debate 90 minutes in length;
- A single moderator for each debate (i.e. no panel);
- The format of each presidential debate will vary as follows:
 - Candidates standing at podiums (as traditional),
 - A town meeting style debate (along the lines of Richmond, 1992),
 - Candidates seated at a table with the moderator - (a more conversational exchange).
- The vice presidential debate will have candidates seated at a table with moderator (conversational).

Co-chairmen

Frank I. Fahrenkopf, Jr.
Former Republican
National Committee Chairman
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National Committee Chairman

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Richard Moe

David Norcross

Kay Orr

Representative Barbara Vucanovich
Governor Pete Wilson

October 18, 1995

Page Two

- The debates will be scheduled on four consecutive Wednesdays:

September 25

October 2

October 9

October 16

We have received bids from several prestigious universities wishing to host the '96 debates. Our site selection process will begin shortly, and we intend to announce the four sites sometime in early 1996.

If it is possible to visit with you briefly on this subject prior to October 31st, that would be most helpful. In any event, I am sending a copy of this letter to Harold Ickes and hope to have a chance to visit with him before the end of the month.

With all good wishes to you.

Sincerely,



Paul G. Kirk, Jr.

PGK:ccb

cc: Harold Ickes

11/16

1000

Receipts.

David P.

DAVID PRYOR?

RAY T.

?

probably

Pryor &

Ray Thornton
an Arkansas
Congressman -

Sub cc of this

Dale B. Bumpers

Ray T -

Copies sent to:

Dale Bumpers

David Pryor

Ray Thornton



THE PRESIDENT

11-15-95

Dear John -

Thanks for your great
letter. This is a fight worth
making -

Best,

Bin

John E. Barnes
164 Pebble Beach Road
Little Rock, AR 72212

JOHN E. BARNES
164 Pebble Beach Rd.
Little Rock, Arkansas 72212

THE PRESIDENT HAS SEEN

11-16-95

November 16, 1995 ✓

The Honorable William J. Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear Bill:

I just wanted to let you know how proud I am of you for taking the position you have with regard to the Republican budget proposals and holding your ground on the debt ceiling legislation. Like many other Americans, I support in principle the idea that the federal government needs to find a way to live within its means. However, I cannot support the slash-and-burn tactics the Republicans have taken in an attempt to accomplish a balanced budget in seven years. The federal deficit has grown since the Depression, and I don't think it is possible to achieve balanced budgets within seven years. But you know this better than I.

What I do know is that it is very important that we help those in need to have access to better education opportunities. I am an example of this. I borrowed money from the federal government via the National Defense Student Loan Program in the 1960s to help pay for my college education. I repaid the loan with interest, and as a result of my education, I pay more in federal income taxes each year than the total of what I borrowed. The federal government took a risk in loaning me the money for college, but it was an investment that has paid off. Now as chairman of the board of trustees of Pulaski Technical College, I see many young Americans in the same situation now, and with our society going from an industrial nation to one of information and technology, it is critical that the federal government be able to support those who need to upgrade their job skills as well as those who need to learn the basic skills to be employable. If we can't invest in our people, how can we insure the future security of our country?

When I heard on CBS last night that you were willing to stake your Presidency on stopping this Republican assault, I knew you had resolve. You are at your best when you reach that point. Keep up the fight. There are many of us still supporting you.

Give my regards to Hillary.

Your friend,



THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 11/18/95

TO: LAURA TYSON
CHRIS JENNINGS
JENNIFER KLEIN

FROM: Staff Secretary

FYI

The attached has been
forwarded to the President.

EXECUTIVE OFFICE OF THE PRESIDENT
PRESIDENT'S COMMITTEE OF ADVISORS ON SCIENCE AND TECHNOLOGY
WASHINGTON, D.C. 20500

November 8, 1995

95 NOV 14 P12:28

President William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President:

The significant accomplishments in American biomedical research and our innovations in medical care are widely respected throughout the country and, indeed, the world. These achievements have occurred primarily at our Nation's academic health centers. Since World War II, the Federal government has played a vital role in the support of academic health centers and has done so on a bipartisan basis.

Your Administration's 1994 health care reform plan acknowledged the important contribution to our quality of life made by academic health centers and provided a mechanism to mitigate the loss of significant revenue that these institutions are now experiencing. In the absence of comprehensive health care reform, academic health centers are beginning to show signs of serious stress. Although they represent only six percent of the Nation's non-Federal acute care hospitals, these institutions provide more than half of the care for the indigent and uninsured populations. The prospect of sharp reductions in Medicare, Medicaid, and Disproportionate Share (DSH) expenditures, coupled with the erosion of clinical revenues resulting from the emergence of managed care, could have a devastating impact on the Nation's capacity to support medical research and education and the system that provides medical care to its most vulnerable citizens.

Academic health centers develop the biomedical knowledge and clinical techniques needed for new and improved treatments, train the Nation's physicians and provide unique patient care resources. In the long term, biomedical research conducted in these centers offers our citizens the best potential to enhance their quality of life and control medical expenditures with cost-effective methods for disease prevention and management.

Historically, the Federal government has assumed responsibility for a majority of the support for fundamental biomedical research and graduate medical education as a public investment that contributes broadly to the health of Americans. In 1995, the Federal investment in academic health centers for biomedical research and education was about one percent of total health care expenditures. Measured by any standard, this very modest rate of investment in an area of extraordinarily rapid advancement in knowledge and technology has had a remarkable yield. In addition, the Federal government provides, through the Medicaid and DSH programs, significant support for low-income patient care delivered in academic health centers.

Clinical revenues derived from medical practice programs conducted by the faculty of academic health centers have been another very significant source of funds for these programs of research, education and indigent care. Current changes in the health care system, including Medicare and Medicaid reform, driven by Federal and State fiscal concerns and the emergence of managed care, also threaten to eliminate this critical support for biomedical research and medical education.

We recognize the need to slow the rate of growth in health care costs and endorse efforts to address this need. Both public and private elements of the health care system need to be carefully examined and restructured to enhance medical efficacy and cost-effectiveness. However, it is also essential that in this process, the crucial public benefits that are contributed uniquely by academic health centers be recognized, and that their continued strength remain an important priority in the ongoing health care debate.

A panel of your Committee of Advisors on Science and Technology (PCAST) examined these issues and reached the following conclusions:

- **Sharing the Responsibility** -- The education of competent physicians and scientists, and the production of new biomedical knowledge and technologies, represent vital public necessities. To date, only the Federal government has supported these functions explicitly through the Graduate Medical Education (GME) mechanisms of the Medicare program. With a few notable exceptions, other payers do not contribute to this support. We affirm the principle that responsibility for supporting the missions of academic health centers and their contributions to the well-being of society should be broadly shared by all who benefit.
- **Care for the Indigent and Uninsured** -- Historically, academic health centers have provided care for a disproportionate share of the indigent and uninsured populations and have received a Medicare payment adjustment for this service. It is likely that this responsibility can only increase in the developing private and public medical care marketplaces. With the trend toward managed care, others are even less likely to provide this service because of its resource-intensive nature.
- **Current Debate** -- A satisfactory disposition of these critically important and complex issues is unlikely to emerge from the heat of the current public debate, with its intense and narrow focus on budgetary concerns.

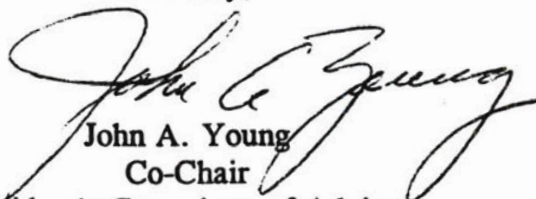
President William J. Clinton
November 8, 1995
Page 3

To support and sustain the Nation's academic health centers in the immediate future and over the longer term, PCAST therefore respectfully suggests that you consider the following recommendations:

- **Expert Commission** -- We recommend that an expert commission, credible to the President, the Congress and the public, be established to develop and recommend specific policies to address the preservation of the research and educational capacity of the Nation's academic health centers, and the supply, composition and support of the future health care work force. The commission should carefully consider the implementation of an equitable mechanism to achieve these objectives. The commission should also determine the most effective way to allocate training funds in furthering the goals of a rational workforce policy to ensure that the numbers and competencies of health care professionals are responsive to the Nation's needs. We believe that such an approach can best ensure the future vitality of our biomedical research enterprise and the highest quality of our Nation's medical care.
- **Graduate Medical Education (GME)** -- In the interim, in revising the Medicare program, the Administration should continue to resist disproportionate decreases in the GME accounts. Further, the funds for GME that are currently melded into the premiums paid to all Medicare managed care providers (the Average Adjusted Per Capita Cost formula) should be redirected to accomplish their intended objectives. This may entail developing a process that provides these payments directly to caregivers and institutions that are involved in graduate medical education.
- **Disproportionate Share** -- If academic health centers are to continue their role of disproportionately caring for the indigent and uninsured populations, then appropriate resources must be provided. This will almost certainly remain a responsibility of the government.

PCAST believes that the academic health centers are a national resource that, together with our research universities, must be sustained for the good of the Nation. We hope that you will find these recommendations helpful.

Sincerely,


John A. Young
Co-Chair
President's Committee of Advisors
on Science and Technology

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 11/18/95

LAURA TYSON

TO:

FROM: Staff Secretary

FYI

The attached has been
forwarded to the President.

EXECUTIVE OFFICE OF THE PRESIDENT
PRESIDENT'S COMMITTEE OF ADVISORS ON SCIENCE AND TECHNOLOGY
WASHINGTON, D.C. 20500

November 7, 1995

95 NOV 14 P12:28

President William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President:

I am writing to inform you of the outcomes of the President's Committee of Advisors on Science and Technology (PCAST) fourth plenary session held October 23-24, 1995 in Washington, D.C. This meeting marked the end of one full year of service to you by PCAST members, providing an occasion for members to reflect on the Committee's progress to date and to consider those activities that might be most useful to you in the challenging year ahead. Of particular note was the recent announcement of Mario Molina's selection for the 1995 Nobel Prize for Chemistry.

During this first year of service, your PCAST delivered the following formal reports:

- U.S. Russian Cooperation to Protect, Control and Account for Weapons-Useable Nuclear Materials;
- The U.S. Fusion Energy Research and Development Program;
- A Statement of Principles for Science and Technology Policy.

In addition, PCAST members provided ad hoc, informal consultations to your Administration on a variety of issues, wrote Op-Ed pieces and letters for newspapers, and worked with Congress to help its members understand the importance of a strong S&T enterprise for the Nation's security and growth. Members of PCAST also served on the National Critical Technologies Review Group, which I chaired, for the 1995 Biennial National Critical Technologies Report to Congress.

During our meeting, the Committee's Health Panel presented for discussion and approval its findings on the implications of health care reform for biomedical research, particularly for medical education and training. We expect to transmit a letter to you in the next week or two with our conclusions and recommendations. Finally, the Committee decided to continue its initiatives on sustainable development and prevention of deadly conflict and to pursue a new initiative on ensuring the vitality of our research universities in this time of rapid change. PCAST unanimously endorses the importance of our great research university system as a critical national resource.

President William J. Clinton
November 7, 1995
Page 2

To guide the Committee in its discussions and decisions about future activities, we posed two questions: (1) How can the Federal government protect and enhance the nation's research enterprise, especially the extraordinary research university network? and (2) How can the Federal government manage its research and development (R&D) programs effectively to maintain their productivity in the face of shrinking budgets? We believe that these are the two driving issues your Administration must address in order to maintain the quality and level of investment in science, technology, and education required to secure the Nation's future.

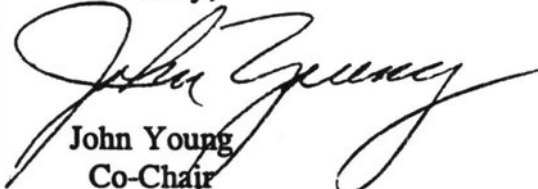
In this connection, we would ask you to consider two key actions. First, we believe you should continue to stress the importance of investing for the future in science, technology, and education while continuing to balance the budget. Your recent speeches on these points have been well-received by many sectors of the American public and we urge you to take every opportunity to emphasize this theme.

Second, as you develop your FY97 budget, we urge you to embrace the S&T Principles submitted earlier this year. Your strong and continuing support for federal R&D funding at a time of unprecedented assault on these programs demonstrates eloquently your vision and leadership for America in the 21st century. We especially recommend to your attention the importance of the National Science Foundation and the National Institutes of Health, which are the flagships for university-based research and education.

While you were in New York for the anniversary of the United Nations, we met with the Vice-President to discuss the Administration's current S&T activities and to exchange ideas regarding how to protect the health of the S&T enterprise in both the domestic and international policy arenas. A particular focus was how to strengthen the content and dissemination of the Administration's message about the centrality of S&T to the nation's well-being. These direct exchanges with you (in July) and the Vice-President are particularly helpful for all the PCAST members in determining how we can best utilize our expertise and experience on issues of importance to you.

We look forward to meeting with you again soon, perhaps at the March 7-8 PCAST meeting, so that we can be of the greatest service to you in what will certainly be a challenging year for the Nation. In the meantime, please let us know how we can be of further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "John Young", with a large, sweeping flourish extending from the end of the name.

John Young
Co-Chair

President's Committee of Advisors
on Science and Technology

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 11/18/95

TO: STEPHANIE STREET
ANNE WALLEY

FROM: Staff Secretary

The attached has been forwarded
to the President.



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

1391

MEMORANDUM FOR THE PRESIDENT

95 NOV 14 P6:06

FROM: RONALD H. BROWN *RB*SUBJECT: UPDATE ON RECENT COMMERCIAL SUCCESSES IN THE AEROSPACE
INDUSTRY AND OUR ADVOCACY PROGRAM

Pursuant to my conversation with Erskine Bowles, the following is (1) more detail on the recent triumph by Boeing in Singapore, (2) information on other recent successes in the aerospace sector, and (3) an update on our advocacy program.

Boeing/Singapore Airlines

Today's \$12.7 billion success in Singapore added to the \$16.7 billion in the other successes discussed below equals almost \$30 billion in U.S. aerospace sales abroad. Indeed, the U.S. exports in connection with each of these sales are substantial, as are the more than 400,000 U.S. jobs supported (according to our general rule of thumb that \$1 billion in exports supports about 17,000 person-years).

Earlier today in Singapore, Singapore Airlines (SIA) announced one of the largest airplane purchases by a single firm in history with an order of 77 new Boeing 777-200B passenger planes at a cost of \$12.7 billion, which will support over 200,000 jobs. Boeing beat the European airplane manufacturer Airbus Industrie in the race to win the "firm order" for 34 aircraft to be delivered over the next nine years and an "option" for another 43 aircraft. Six of the firm orders for aircraft and 10 of the options are intended for Singapore Aircraft Leasing Enterprise (SALE), the leasing associate of SIA.

This procurement is particularly timely in view of your visit to Osaka, Japan for the Asia-Pacific Economic Cooperation (APEC) meetings this weekend. This procurement is a major win for Singapore and the U.S. The planes will help Singapore deploy new aircraft to replace old aircraft in its thriving Asian airline. Building the planes and parts in the U.S. is likely to support over one hundred thousand jobs in the U.S.--either creating new jobs or retaining existing jobs. The Commerce Department has been monitoring this project closely for months. We have been counselling Boeing representatives in Seattle, working with the Transportation Department on certain issues, and working with U.S. Ambassador Timothy Chorbha in Singapore, especially in the last few weeks.

Other Aerospace Successes

The Boeing deal in Singapore is only one of many recent export successes in the aerospace industry. Other commercial successes in which we have been involved since our advocacy

program has been established in November 1993 include the following: the final contract signing last month by McDonnell Douglas and Boeing for the \$6 billion Saudia Airlines procurement, South Africa Airways selection of Boeing to supply \$1.3 billion in airplanes for its fleet modernization project, Taiwan's procurement of \$560 million in Boeing airplanes for the fleet modernization of China Airlines, Air India's purchase of two Boeing 747-400 airplanes for about \$330 million, McDonnell Douglas's signing of the \$1.6 billion Trunk Aircraft Project in China, and Lockheed Martin's Atlas IIA Launch Service for \$100 million in Japan. Each of these deals supports thousands of jobs, and collectively over 150,000 jobs, in the U.S.

In addition, the Commerce Department, working with other U.S. Government agencies in the Trade Promotion Coordinating Committee (TPCC), has helped a number of aerospace companies win contracts for procurements by foreign ministries of defense. These procurements include the following: Sikorsky's \$150 million marine helicopter procurement in Turkey and its \$12 million helicopter procurement in Japan, McDonnell Douglas's attack helicopters sales in the Netherlands for \$900 million and in the United Kingdom for \$3 billion and its sale of \$80 million in F-18 fighters in Malaysia, Hughes's and Raytheon's sales of \$50 million and \$80 million of Amraam missiles in Sweden, Rockwell's \$50 million in Avionics subsystems for MIG 29s in Malaysia, Lockheed Martin's \$1.2 billion sale of F-16s in Singapore, Rockwell's and Allied Signal's \$200 million sale of L-39 aircraft upgrade in the Czech Republic, Boeing's sale of \$600 million in Chinook helicopters in the United Kingdom, and Sikorsky's and Lockheed-Martin's sale of \$460 million in Blackhawk Helicopters in Kuwait.

Our Advocacy Program

These deals demonstrate clearly that the Administration working in partnership with the private sector has been exceptionally effective in helping companies win contracts in the global marketplace, while creating economic prosperity and jobs in the U.S. In fact, since we established our advocacy program in November 1993, we have helped companies sign business agreements for over 120 projects valued at over \$57 billion in the Big Emerging Markets of Asia, Latin America, Africa, and Europe, and other growing markets around the world. These projects benefit small and mid-sized businesses both as subcontractors on the big projects and directly with about \$3 billion worth of advocacy projects having gone directly to small businesses in the last 18 months.

In addition to following up on each of these deals to make sure that the benefits to the U.S. are secured, our Advocacy Center at the Commerce Department is tracking over 400 other projects around the world where U.S. companies have asked us for

our support. These 400 projects are collectively valued in excess of \$150 billion (with about \$75 billion in U.S. export value) and fall primarily within the following sectors: energy, transportation infrastructure, telecommunications, environment and aerospace. Among these 400 projects, we expect that major decisions may be made on about 60 projects valued at about \$20 billion (half of which is U.S. export content) within the next six months or so.

However, I feel that we have only scratched the surface. As we move into 1996, we intend to dramatically strengthen and expand our advocacy program at the Commerce Department. We expect to double the size of our Advocacy Center, update our computer systems for managing our database of projects, improve our on-line reporting system, expand participation of other USG agencies in the daily operations of the Center, explore ways we can closely coordinate our USG financing support for these major deals, and increase our sophistication in effective means to further the interests of U.S. companies abroad.

We would, of course, be pleased to have you visit the Department of Commerce's Advocacy Center and provide any further briefing you would find useful. Indeed, we could build an event around your visit announcing recent successes and the program's expansion. We will be in touch with your schedulers on this proposal.

As Chairman of the TPCC, I will continue to work with the other 18 member-agencies to develop new strategies, which help U.S. exporters win their battles in the global marketplace.

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 11/17/95

TO: NSC

FROM: Staff Secretary

For handling in connection with
the Vice President's upcoming
APEC trip.



95 NOV 13 A 9:30

Chairman and President

*Some
S. 10 AF S64*

November 10, 1995

The President
The White House
Washington, DC 20500

Dear Mr. President:

During the last three years, we have been doing everything possible to make American more competitive. Unfortunately, there are some problems we cannot solve for ourselves; one of them is securing international route rights. American's greatest weakness is its almost complete lack of opportunities to operate in Asia. This is a great frustration for us, particularly since -- despite the urging of AA and other carriers -- negotiations with Japan regarding passenger service between the two countries have not even begun!

Japan is a critically important destination for U.S. carriers, both because of its importance as a final destination for tourists and business travelers and also because it is a uniquely positioned layover point for passengers enroute to other Asian destinations. Although we have been seeking expanded access into Japan for many years, American has been denied any meaningful access to the Japanese market. Thus, I write to urge that during the forthcoming November meeting, you discuss with Japanese officials the importance of providing those U.S. carriers without substantial authorities new opportunities to operate to Tokyo and Osaka from various points within the U.S.

If American Airlines is given more opportunities to fly between the United States and Japan, the effect will include more sales of U.S.-manufactured aircraft, new, well-paid jobs, lower prices for consumers, and other economic benefits of many kinds for communities and businesses in many states including Illinois, California and Texas. It is interesting that those who have argued that the status quo should not be interrupted ignore these huge economic benefits. Mr. President, we have been waiting a long time for more opportunities to Asia. We sincerely hope this matter will have a high priority.

The President**2**

We hope, Mr. President, that your intervention will lead to the prompt initiation of the long-delayed U.S./Japan passenger negotiations. Until those negotiations are scheduled and successfully concluded, there is no possible way for American to become a meaningful participant in the ever growing Asian aviation market.

Best regards,

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

eh

cc: Vice President Gore
Erskine Bowles



PRODUCERS
rice mill, inc.

Todd Stern

NOV 17 1995

cc Rasco
95 NOV 17 P4:38

FACSIMILE COVER SHEET

DATE: 11/17/95

FAX# 202-456-2878

TO: President Clinton

& Carol Rasco

The White House

Washington, DC

FROM: Keith Glover

11-17-95 Dorland
JD -
think
we need
reply 1.

We are transmitting 2 page(s) including this cover sheet.

If you do not receive all pages, please call 501/673-4444.

If you wish to transmit a fax to us our number is 501/672-4488.

MESSAGE: _____

TRANSMITTED BY: mfields



November 17, 1995

FAX: 202-456-2878

The Honorable William J. Clinton
President
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

The Board of Directors at Producers Rice Mill, Inc., urge you to veto the Republican Seven Year Budget Bill.

Our 2,500 members are most concerned about the \$13.4 billion cuts in farm programs. We believe the Republican cuts for farm programs are too drastic and would be devastating for most family farmers.

We urge you to keep farm programs as a high priority issue in your budget negotiations with the Congress.

Your staunch support of farm programs is greatly appreciated.

Sincerely,



Keith Glover
President & CEO

KG:mf

Camille
GS

THE PRESIDENT HAS SEEN

11-16-95

THE WHITE HOUSE
WASHINGTON

95 NOV 15 P4:02

*includes a larger
of our comments that
give me a copy.*

November 15, 1995

MEMORANDUM TO THE PRESIDENT

FROM: Marcia L. Hale *MH*

RE: Letter to U.S. News and World Report

Enclosed is a letter that Governor Evan Bayh wrote to Merrill McLoughlin at U.S. News and World Report. It is in reference to an article entitled "Move to the Middle: Secrets of Popular Democrats." An edited version of this letter is expected to be printed in next week's U.S. News.

6

cc: Leon Panetta
Harold Ickes

11/16
Todd,

wanted to double check w/you. I have already done cc's to Lewis & GS.

re POTUS note 'give me a copy'
Sometimes he does ask for a copy of what he has seen, and at first that's what I thought he wanted. But do you think he might mean that he wants a copy of the magazine (next week's issue) that will the edited version on the Bayh letter in it. *have*

If you think the latter is correct, should we send a copy of POTUS note to Marcia to handle?
s *yes*



OFFICE OF THE GOVERNOR
INDIANAPOLIS, INDIANA 46204 - 2797

EVAN BAYH
GOVERNOR

November 13, 1995

Ms. Merrill McLoughlin, Co-Editor
U.S. News & World Report
2400 N St. NW
Washington, D.C. 20037

Dear Ms. McLaughlin:

In his article, "Move to the Middle: Secrets of Popular Democrats," (November 6, 1995), Michael Barone writes that "tomorrow's winning Democratic ideas are likely to come not from Washington," but from state capitols. He identifies four key issues on which successful Democrats have focused: holding down taxes, working with the private sector, reforming government, and focusing on middle class values. In citing examples of several state and local Democratic officials who have pursued these goals, he neglects to mention that one of the pioneers of this approach was another centrist Democrat by the name of Bill Clinton -- first, during 12 years as Governor of Arkansas, and more important, as President since 1993.

Holding down taxes. Clinton's 1993 deficit reduction plan cut taxes for families earning under \$27,000, pared capital gains rates for long-term investments in small businesses, and increased expensing for small businesses by 70% -- making 9 out of 10 small firms eligible for a tax cut. His balanced-budget plan includes a tax cut targeted at education and child-rearing, key middle class needs.

Working with the private sector. Ask any business person who regularly contacts the federal government -- the Clinton Administration has worked more closely with the private sector than its predecessors, and with impressive results. Consider trade. President Clinton's strong push for open trade agreements and removal of export controls from high tech products exemplifies his aggressive drive for free and fair trade, one strongly backed by business. The Commerce Department's export promotion efforts have been widely praised within the business community. Exports have increased by 33%, reaching an all-time high. And reforms at the Small Business

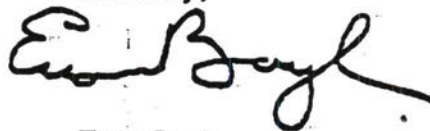
Administration -- the loan form has been cut from an inch thick to a page long, and the number of loans has been doubled even as the agency's budget has gone down 40% -- are one reason that more than 2 million new businesses have been created since 1993.

Shrinking government. The Clinton Administration is cutting the size of the federal workforce by 270,000 over six years. It's already leaner by 163,000 people than when he took office. Next year, the government will be the smallest since John Kennedy was President. In fact, as a percentage of the civilian workforce, it is already the smallest since 1933. The reinvention of defense procurement, the Agriculture Department, the Federal Emergency Management Agency, EPA, OSHA and other agencies, spearheaded by Vice-President Gore, has significantly improved government services while cutting costs. In 3 years, the Clinton Administration has given more freedom from federal regulation in welfare, health and education to state governments than his two Republican predecessors did in 12 years. In all, President Clinton has cut back outmoded government, while making a leaner government more effective.

Middle class values. President Clinton has fought time and again for the fundamental values of responsibility, work and community that are at the heart of every family's efforts to pass the American Dream on to their children. Each of the examples cited by Barone mirrors actions taken by President Clinton. President Clinton is promoting zero tolerance both for weapons in school and teen drinking-and-driving. His crime bill imposed stiffer criminal sentences, from 50 new death penalties to the federal three-strikes-and-you're-out law for violent felonies, and provided boot camps for nonviolent juvenile offenders. And President Clinton has given welfare waivers to 35 states to enable them to act on reform, while pushing for a two year time limit at the federal level. Other actions rooted in middle class values range from national service to family leave to efforts to crack down on deadbeat parents -- which has resulted in a 40% increase in child support collections nationwide -- and on people who don't repay their college loans -- which has resulted in the default rate being cut in half.

Barone was right in arguing that a program of centrist reform is the winning formula for Democrats and the country. It is one that has been put into action by President Clinton.

Sincerely,

A handwritten signature in dark ink, appearing to read "Evan Bayh". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Evan Bayh

Wom
Felt

THE PRESIDENT HAS SEEN
THE WHITE HOUSE 11-17-95
WASHINGTON

11/08/95

Mr President

I know of your tight
schedule, but would you like
to meet in an informal, more
relaxed setting with 5 or 6
moderate Republican House members
& 5 or 6 moderate Democrats
maybe aboard my yacht, the Kelly C
one night next week to discuss
possible areas of compromise on
the problems we have on the
budget -?

Sonny Ballou

11-17-95

NINE DIFFERENT WAYS:

How the Budget Hurts Older Americans

DRAFT

Report of the

DRAFT

LEADERSHIP COUNCIL OF



AGING ORGANIZATIONS

To Ann Lewis
This is great

Be

Tuesday, November 21, 1995

NINE DIFFERENT WAYS:

HOW THE BUDGET HURTS OLDER AMERICANS

REPORT OF THE FOLLOWING LEADERSHIP COUNCIL OF AGING ORGANIZATIONS:

Alzheimer's Association, American Association for International Aging, American Association of Homes and Services for the Aging, American Foundation for the Blind, American Geriatrics Society, American Society on Aging, Asociacion Nacional pro Personas Mayores, Association for Gerontology in Higher Education, Association for Gerontology and Human Development in Historically Black Colleges and Universities, B'nai B'rith Center for Senior Housing and Services, Eldercare America, Families USA, The Gerontological Society of America, Gray Panthers, National Asian Pacific Center on Aging, National Association for Home Care, National Association of Area Agencies on Aging, National Association of Meal Programs, National Association of Nutrition and Aging Services Programs, National Association of State Units on Aging, National Caucus and Center on Black Aged, Inc., National Committee to Preserve Social Security and Medicare; National Council of Senior Citizens, National Council on the Aging, National Hispanic Council on Aging, National Osteoporosis Foundation, National Senior Citizens Law Center, North American Association of Jewish Homes and Housing for the Aging, Older Women's League

EXECUTIVE SUMMARY
NINE DIFFERENT WAYS:
HOW THE BUDGET HURTS OLDER AMERICANS
Report of the Leadership Council of Aging Organizations

The news media have reported on massive cuts in programs vital to older Americans; but they have not yet focused on the cumulative impact of those cuts. As Congress embarks on the most drastic changes in the social safety net in history, these multiple cuts will do far more damage than has been reported. The nine points below are not in order of importance; all are equally important to the LCAO.

1. Congress Cuts Medicare \$270 Billion Part B premiums rise from \$46.10 to almost \$90 a month by 2002. Senate plan doubles Part B deductibles from \$100 a year to \$210 by 2002. Beneficiaries needing certain hospital outpatient services would pay even more than the 50% coinsurance they now pay and many would lose extended home care coverage.

2. Congress Cuts Medicaid Long Term Care Medicaid spending would be cut by \$170 billion over seven years. Federal standards for eligibility, services, payment, and quality would be seriously weakened. The House would allow states to force people to sell the family home to qualify for long-term care and end federal protection from nursing home abuse.

3. Congress Cuts Medicaid Acute Care Under the House and Senate proposals, current federal requirements to pay Medicare deductibles and coinsurance for low-income Medicare beneficiaries would be ended. The Senate would eliminate current federal requirements to pay Medicare premiums, deductibles, and coinsurance for low-income beneficiaries. The Senate and House have allocated some money to assist states in helping beneficiaries pay Part B premiums, but projections are that the amount will be insufficient to cover all those with incomes below poverty level who are eligible.

4. Human Services – Older Americans Act, Legal Services, Aging Research, Training, Senior Volunteers Cuts will mean 6.2 million fewer meals at senior centers and 5.6 million fewer to homebound elders. Research on aging issues, funded under Older Americans Act Title 4, has been severely cut or eliminated. Senate cuts funds 80%. House bill eliminates funding. Elderly and disabled transportation program cut \$7.5 million. Legal Services Corp. and legal assistance under Older Americans Act are severely cut.

5. Welfare Reform and Grandparents During the last decade the number of grandparents raising grandchildren climbed 40%. Most have household incomes under \$20,000 per year. Reforms will make it more difficult to obtain aid for their grandchildren.

6. Food Stamps Block grants offer no assurance that even minimal protections for older people would be retained by states, making access to benefits still more difficult.

7. Supplemental Security Income Individual states may slash or eliminate SSI supplementary benefits. Cash benefits for institutionalized elderly covered by Medicare or private insurance would be capped at \$30 a month.

8. Housing Assistance Older people make up approximately one-third of all public housing residents. Operating subsidies and modernization funds for public housing would be cut by 14 and 33 percent respectively from 1995 levels. Rents will be raised for residents of privately owned section 8 subsidized units; 46 percent are elderly.

9. Low Income Home Energy Assistance Program The Senate recommendation is for a 32 percent cut. Nearly 2 million households could lose their energy assistance.

WHAT CONGRESS IS DOING TO WIDOW JONES, AGE 73

Mrs. Jones, a 73 year old widow who lives alone, has a total cash income of \$458 per month (\$5,496 per year) from Social Security and Supplemental Security Income. In addition, she receives assistance from Medicaid, food stamps, the Low-Income Home Energy Assistance Program and the Older Americans Act. Mrs. Jones is eligible for both Medicare and Medicaid (as an SSI beneficiary). Medicare and Medicaid pay for most of Mrs. Jones' doctor bills and occasional hospital visits, including her prescription drugs for diabetes, arthritis, and glaucoma and pays for her eyeglasses. Medicaid also pays for her Medicare premiums, deductibles, and coinsurance, but were she not dually eligible, her low income would still qualify her for Medicaid payment of Medicare premiums, coinsurance, and deductibles under the Qualified Medicare Beneficiary program. Mrs. Jones receives a hot home-delivered meal five days a week, receives a one-time \$160 payment through the Low-Income Home Energy Assistance Program and \$63 per month in food stamps.

The chart below illustrates the disastrous cumulative impact of budget cuts to elderly health and welfare programs. If Medicaid and food stamps are block-granted, Mrs. Jones could lose her eligibility for both. She could also lose her yearly \$160 help with heating bills and services under the Older Americans Act such as meals-on-wheels and help with legal matters. She would have to pay for Medicare coverage as well as some medical costs, including some medicines, that are now paid by Medicaid.

Widow Jones' total income is \$5,496. To make up for the impact of congressional budget cuts, her 1996 out-of-pocket costs would exceed her total income by \$188. And she still would need to find money for the basics: housing, utilities, telephone, and transportation. She may not be able to get medical care. She may not be able to purchase needed medications. Or, if she pays for medical care, she may become homeless. Note that her out-of-pocket costs go up every year through 2002.

Estimated Benefit Cuts/Cost Increases for Hypothetical Example of Mrs. Jones*

Benefit Cut/Cost Increase	1996	1997	1998	1999	2000	2001	2002	1996-2002
Medicare Part A premium	\$72	\$48	\$48	\$60	\$84	\$72	\$84	\$468
Medicare Part B deductible	150	160	170	180	190	200	210	1260
Drugs	2880	3168	3485	3833	4217	4638	5102	27323
Coinsurance	1387	1484	1588	1699	1818	1945	2082	12003
Food Stamps	756	781	808	835	863	893	923	5859
LIHEAP	160	165	171	176	182	189	195	1238
Meals	520	537	555	574	594	614	635	4029
Total	\$5,925	\$6,242	\$6,825	\$7,357	\$7,948	\$8,551	\$9,231	\$52,180

*The figures in the table represent the estimated dollar value of the reductions in benefits that would occur as a result of proposed budget cuts. They do not represent losses of income, but rather losses of benefits. In fact, it would be impossible for Mrs. Jones to purchase all of these services and products were she to lose eligibility for Medicaid, food stamps, etc. because her income simply would be insufficient to pay for them. The figures above are based on the following assumptions: 1) Mrs. Jones is no longer eligible for Medicaid, food stamps, LIHEAP, or meals; 2) she now must have her Medicare Part B premium subtracted from her Social Security COLA, thereby eliminating her annual COLA increase (her monthly Social Security benefit level is assumed to be \$200 in 1995, which provides a COLA of just over \$6.00 per month, so Mrs. Jones cannot pay the full Part B premium increase); 3) she must pay her Part B deductible out-of-pocket, and she must pay for the entire cost of drugs and personal care out-of-pocket now because she no longer has Medicaid coverage, and these costs are not covered by Medicare; 4) the Part B premium under current law would revert to 25 percent of Part B costs, but it is assumed here to remain at its current level of 31.5 percent of Part B costs; 5) the Part B deductible is assumed to increase to \$150 in 1996 and rise to \$210 by 2002; 6) estimated monthly costs of drugs for diabetes are estimated at \$125, for glaucoma at \$65, and for arthritis at \$50; 7) estimated costs of coinsurance are based on average costs for poor Medicaid beneficiaries for hospital and physician services covered by Medicaid less the Part B premium, Part B deductible, and drug coinsurance; and 8) drugs and coinsurance are inflated at 7 percent per year; food stamps, LIHEAP, and meals are inflated at the rate of the CPI.

NINE DIFFERENT WAYS:

How the Budget Hurts Older Americans

Report of the Leadership Council of Aging Organizations

The news media have reported on the massive cuts in programs vital to older Americans; but they have not yet focused on the cumulative impact of those cuts. For many vulnerable elderly, these multiple cuts, piled one on top of the other, will do far more damage than has been reported.

Congress is embarking on the most drastic changes in the social safety net in the history of our nation. The budget reconciliation bills would cut Medicare by \$270 billion over seven years, end any entitlement to public assistance and Medicaid and turn them into block grants to the states. The bills will limit or eliminate Supplemental Security Income benefits for certain aged, disabled or non-citizen beneficiaries and make major cuts in food stamps, housing support programs, home heating, nutrition, and a variety of other programs. All this comes at the expense of the nation's most vulnerable populations.

1 Congress Cuts Medicare \$270 Billion

In 1995, the average Medicare beneficiary pays \$2,750 in out-of-pocket health care costs. The House and Senate proposals to increase premiums and deductibles will increase that amount significantly.

The House and Senate plans double Part B premiums from \$46.10 in 1995 to almost \$90 a month by 2002. The Senate plan doubles Part B deductibles, currently \$100 per year, to \$210 by the year 2002. While the current limit on physician balance billing in the traditional Medicare fee for service program would remain in place, limits

It doubles Part B deductibles, currently \$100 per year, to \$210...

would likely not apply to the new coverage options outlined in the plan. Beneficiaries in the traditional program who need certain hospital outpatient services would pay even more than the 50% coinsurance they are paying today.

Most of the proposed cuts in Medicare spending—approximately \$150 billion—come from lowering fees to doctors, hospitals and other providers. Medicare already pays physicians and hospitals only about two-thirds as much as private insurers. These additional cuts could create serious disincentives for doctors to treat Medicare fee-for-service patients, or could reduce the quality of care.

Payments to doctors, hospitals and other providers would be further reduced under the House bill, if total fee-for-service costs are projected to exceed a cap, known as a "fail-safe" mechanism.

Under the Senate and House proposals, current federal requirements to pay Medicare deductibles and coinsurance for low-income Medicare beneficiaries would be ended.

The Senate and the House have allocated some money to assist states in helping beneficiaries pay Part B premiums, but projections are that the amount allocated will be insufficient to cover all those eligible with incomes below poverty level.

Proposed changes in the ways home health care agencies are paid, included in both the House and Senate plans, reduce access to home services for more than 120 days. These changes mean that nearly 1 million of the sickest, frailest seniors would be in jeopardy. In addition, Congress has proposed shifting the home care reimbursement from Part A to Part B after 165 days. This shift alone would jeopardize access to home care for 1.8 million seniors who have Part A but not Part B.

The proposals would also make unprecedented changes in the way many Medicare beneficiaries receive care. Beneficiaries would be permitted to stay in the traditional fee-for-service program, but could also choose new coverage options, including new managed care plans, medical savings accounts, and provider-sponsored networks. If healthier beneficiaries choose the new options, leaving sicker beneficiaries in the traditional program, costs in the traditional program would rise. Another risk is that Medicare payments will not keep pace with the actual costs of coverage, so that purchasing power is eroded and seniors will have to pay higher premiums or receive reduced coverage.

2 Congress Cuts Medicaid Long Term Care

Almost two-thirds of nursing home residents receive assistance from Medicaid. Most are elderly women. Medicaid pays more than half the nation's nursing home bill, including care for thousands of middle class older Americans who have spent nearly all their assets paying the average \$38,000 annual nursing home fee.

Although Congressional proponents of Medicaid reductions say their plan does not cut Medicaid, it only limits the rate of growth, projected Medicaid spending would be cut by \$170 billion over seven years. Growth in Medicaid costs would be held to an average of approximately four percent a year compared to a projected annual growth rate of about 10 percent. Federal Medicaid dollars to the states would be capped regardless of changes in inflation or need and federal standards for eligibility, services, payment, and quality would be seriously weakened, especially in the House bill.

The program would be turned into a block grant to the states. Under the block grant, states could decide to eliminate coverage for high cost services such as institutional long term care. Or if states chose to continue covering institutional care, they might severely cut coverage of home and community services—the settings preferred by the vast majority of people with disabilities.

The House proposal would allow states to force individuals to sell the family home in order to qualify for Medicaid long-term care.

Major improvements in nursing home quality standards were enacted in 1987, after an Institute of Medicine report documented the problems in care for the elderly. Currently, every nursing home in the nation is inspected annually. Under the

States would have to choose between paying for enforcement of tough standards themselves, or once again leaving nursing homes without consistent standards.

House proposal, the federal government would make states responsible for monitoring nursing homes. States would have to choose between paying for the enforcement of tough standards themselves, or once again leaving nursing homes without consistent standards.

3 Congress Cuts Medicaid Acute Care

Beyond long term-care expenses, vulnerable older Americans get assistance from Medicaid in a number of ways. For elderly people living in poverty, Medicaid pays their Medicare premiums, deductibles, and coinsurance requirements (these beneficiaries are termed Qualified Medicare Beneficiaries or QMBs). For low-income Medicare beneficiaries (income between 100 and 120 percent of poverty), Medicaid pays only their Medicare premium. For the poorest elderly, those meeting the Supplemental Security Income eligibility criteria (income below 75% of poverty), Medicaid covers services that Medicare does not cover such as prescription drugs, hearing aids, and eye glasses. Medicaid also pays their Medicare premium, deductible, and coinsurance. Under the House and Senate proposals, current federal requirements to pay Medicare deductibles and coinsurance for low-income Medicare beneficiaries would be eliminated. Although there will be minimal requirements for states to pay Medicare premiums, an additional 4.8 million people could be left without assistance to pay for Medicare out of pocket costs and access to extended home health care benefits. Such assistance would be left to the states to cover at their option. The same would be true of coverage of Medicaid services for the poorest elderly, including important services not covered by Medicare. Both proposals eliminate the individual entitlement to Medicaid for Supplemental Security Income recipients, leaving states to determine eligibility for Medicaid services.

...current federal requirements to pay Medicare deductibles and coinsurance for low-income Medicare beneficiaries would be eliminated.

Although it is unlikely states will abandon all coverage of elderly individuals, the magnitude of the cuts—30 percent by 2002—makes it unlikely that states can continue their current commitment to the elderly. Medicaid eligibility for the elderly is likely to be reduced and many low-income elderly would also be at risk of losing their Medicare coverage. Today, 68 percent of all elderly living in poverty rely on Medicare alone (40%) or Medicaid and Medicare (28%) for their health care coverage. Without assistance from Medicaid, many low-income elderly would not be able to afford their Medicare coverage, let alone private supplemental coverage for services Medicare does not cover. Low-income elderly individuals would be forced to choose between paying their Medicare out-of-pocket expenses or paying rent and other basic needs.

4 Human Services — The Older Americans Act, Legal Services, Aging Research, Training, Senior Volunteers

Reductions in human services programs will further jeopardize the ability of older people to remain independent in their own communities. Of paramount importance in providing human service programs to the elderly is the Older Americans Act.

For the past thirty years, the Older Americans Act has served the best interests of the elderly and their caregivers by funding a variety of services, supporting research and training in the aging field, and providing job training programs for low-income older individuals. Since 1980, funding for Older Americans Act has declined in real terms by over 30 percent. Funding plans passed by the House would cut the program by \$145 million, an 11 percent reduction from current levels. Critical services in local communities including meals, in-home services, elder abuse prevention, nursing home ombudsman, senior centers, senior employment, aging research and training, and other important areas that serve older Americans will be cut back or eliminated. Grants for Native American seniors programs will suffer greatly given the traditionally low funding levels which support the provision of all services to North American Indian and Native Hawaiian elders.

As a result of these cuts, 6.2 million fewer meals would be served in congregate sites and 5.6 million fewer meals would be delivered to homebound elders...

As a result of cuts, 6.2 million fewer meals would be served in congregate sites and 5.6 million fewer meals would be delivered to homebound elders; 14,000 older workers would be terminated from the Senior Community Services Employment Program; and 165 local ombudsman programs would be eliminated, reducing services to 52,000 nursing home residents.

Money for aging research has been severely cut by Congress. Title IV of the Older Americans Act, which supports training, research, demonstrations and education, was zeroed out by the House and cut by \$21 million in the Senate. The Health Care Financing Administration's research and demonstration funding was cut by \$94 million in the House. The Health Resources and Services Research funds would be cut by \$102 million. All of these research funds have assisted in demonstrating new programs and streamlining public programs for the elderly. Demand for these programs will continue to rise as the population of our nation continues to age.

Transportation programs for the aged and people with disabilities are also in danger. House and Senate conferees have proposed cutting the Federal Transit Act's Section 16 program for the elderly and disabled by \$7.5 million over last year's conference report. Compounded by the proposed cuts in Medicaid, the Older Americans Act, and mass transit appropriations, transportation services for the elderly will be seriously impacted.

Congress is sharply cutting the Legal Services Corporation as well as legal assistance provided for under the Older Americans Act. Appropriations have been drastically cut and restrictions have been placed on what attorneys will be able to

do in representing their clients. The substantive backup centers have lost all support from the Legal Services Corporation. Local programs will no longer be able to do class action suits, representation before legislative bodies, file suits against states that challenge the legality of the welfare reform, and numerous other types of representation. Also disturbing are the new restrictions on the kinds of matters that can be handled by LSC funded programs.

The funding for the National Senior Service Corps (the Foster Grandparent Program, the Senior Companion Program and the Retired and Senior Volunteer Program) has been cut by \$7.423 million from its FY 95 appropriation levels. In real terms, this means 1,959 Foster Grandparent service years and 28 local projects will be eliminated. In the Retired and Senior Volunteer Program, the reduction will eliminate approximately 55 projects serving over 4,400 local agencies and organizations in approximately 100 counties in all states which today provide opportunities for 33,000 older volunteers. This cut represents a retrenchment from program growth which has brought needed service to communities across America and hundreds of thousands of service opportunities to older Americans.

5 Welfare Reform and Grandparents

Much of the current welfare reform debate has centered on developing policies for children being raised in poverty by single mothers. While there are many children who fit this description, a growing number of children are in the care of someone other than a parent, and in many cases, that someone is a grandparent. During the last decade the number of grandparents raising grandchildren has increased by 40 percent.

Many grandparents raise their grandchildren not out of choice but out of necessity, and at great cost to themselves. Fifty-six percent of grandparent caregiver

...Congress will make it more difficult for grandparents to obtain aid on behalf of grandchildren in their care.

households have incomes of less than \$20,000 per year. Twenty-seven percent live at or below the poverty level, which was \$10,030 for a family of two in 1995. Because their own incomes are so modest, many of these grandparents depend on Aid to Families With Dependent Children to meet the needs of their grandchildren. Current reforms pending in Congress

will make it more difficult for grandparents to obtain aid on behalf of grandchildren in their care.

Among numerous other changes to AFDC, Congress intends to consolidate cash grant programs and related social service programs into block grants, to eliminate the entitlement to AFDC, and to limit the time that states can provide benefits to any individual. States would have no obligation to maintain their current level of state spending. As a consequence, some states may reduce benefit levels and tighten eligibility requirements. As a result of ending the entitlement to AFDC, Congress would force states to establish waiting lists, limit eligibility, or reduce benefits. This would be a hardship for grandparents who cannot afford to take care of their grandchildren without benefits, and for grandchildren who cannot afford to

wait for benefits. And the time limits on benefits could create hardships for those entrusted with the care of young children. Absent a hardship waiver, a 64-year-old grandfather who assumes care of his 6-year-old grandson because of his mother's death would at most receive aid until the child reached age 11.

6 Food Stamps

Sweeping changes to the Food Stamp Program would end the federal framework for distribution of benefits, reduce benefits, and complicate the program's administration. If these reforms are adopted, the health of many low-income elders—a population with little opportunity to improve its economic status—may be jeopardized. Block grants offer no assurance that even minimal protections for older people would be retained by states, making access to benefits still more difficult.

The Food Stamp Program is needs-based. Applicants must prove that their household income is below the maximum income allowed, based on family size. In general, a household must have gross income below 130 percent of the poverty level. In 1995 that was \$809 per month for a household of one. In addition to having a low income, a Food Stamp household cannot have resources exceeding \$2,000 in countable assets (\$3,000 if the household includes a person aged 60 or older).

...no assurance that even minimal protections for older people would be retained...

The new legislation would allow states to design their own eligibility and benefit standards. As a consequence, there could be 50 different programs, using 50 different eligibility standards, and offering 50 different nutrition benefits. The House version would create a capped entitlement with almost no flexibility to respond to economic downturns that might cause increases in food stamp participation. It would cap annual increases in allotment levels at two percent, regardless of food price inflation, thus eliminating the critical link to basic nutrition standards.

The Senate version would reauthorize the program through FY 2002 with no cap. Both House and Senate versions would disqualify any childless adults who do not work or participate in workfare programs 20 hours per week. There is no requirement that states provide jobs, training, or workfare slots.

7 Supplemental Security Income

The maximum monthly federal Supplemental Security Income benefit for an individual living independently is \$458 in 1995, well under the poverty line. Most recipients do not receive the maximum however. The average benefit for an individual over 65 in 1995 is \$143.62 per month. The average benefit for an individual with a disability is \$383.11, and for a blind person it is \$363.94.

As the states are required to take on more financial responsibility, individual states may drastically reduce or eliminate the supplementary benefits they provide for specific populations of SSI beneficiaries. Additionally, SSI cash benefits for institutionalized individuals who are covered by Medicare or private insurance will be capped

at \$30 per month. Those who need SSI benefits because they are old and poor will have to wait longer, if the House bill becomes law. The eligibility age for the SSI aged category increases from 65 to 67 in 2003.

The House bill eliminates benefits to those for whom drug addiction and alcoholism are a contributing factor in their disability. SSI recipients who are disabled solely because of drug and alcohol abuse will receive no help from SSI.

Those who need SSI benefits because they are old and poor will have to wait longer...

The House bill severely limits the access of non-citizens to SSI. It prohibits SSI eligibility for all non-citizens except: refugees who have been in the United States less than five years; lawful permanent residents over age 75 who have been in the United States at least 5 years (not eligible in Senate bill); lawful permanent residents who cannot take the naturalization exam because of physical or mental impairment (not eligible in Senate bill); and residents who have enough quarters of coverage to receive Social Security (not eligible in House bill). The House bill also requires the income of sponsors to apply to new immigrant applicants.



Housing Assistance

Proposed spending reductions in federal housing programs, particularly public and Section 8 housing, would have a severe impact on older residents of federally assisted housing and those older householders who need but currently do not receive housing assistance. Over 500,000 older people live in public housing and they make up approximately one-third of all public housing residents. Under the House-passed ap-

...spending reductions in federal housing programs... would have a severe impact on older residents...

propriations bill, operating subsidies and modernization funds for public housing would be cut by 14 and 33 percent respectively (\$400 million and \$1.2 billion) from 1995 levels. These cuts will force the deferral of routine maintenance and repairs, the loss of key personnel such as service coordinators, and the cancellation of major renovations, such as congregate facilities, designed to serve an increasingly elderly resident population.

The appropriation bill will also increase rents for residents of privately owned Section 8 subsidized units of whom 46 percent (546,000) are elderly. Poor tenants who now pay little or nothing in rent because of very low incomes will be required to pay a minimum rent of \$50 per month or an additional \$600 per year. In addition, rent contributions for all residents will be increased from 30 to 32 percent of income, an additional \$140 a year for the average resident. Finally, the bill eliminates funding for new housing certificates and vouchers, and reduces funding available for construction of special units for older persons under the section 202 program. HUD reports that almost one million older households having "worst case needs" do not receive any housing assistance.

9 Low Income Home Energy Assistance Program

In 1995, the appropriation for the Low-Income Home Energy Assistance Program block grant was funded at a level of \$1.319 billion dollars. States have estimated that they will obligate more than \$915 million of FY 95 funds for heating assistance alone. This assistance will go to more than five million households (half are headed by older persons), including over one million in New York, 350,000 in California and 200,000 in Illinois.

The current Senate recommendation is for an appropriation of \$900 million, representing a 32 percent cut. Under the Senate recommendation, it is estimated that nearly two million households could lose their energy assistance. This assistance includes emergency cooling assistance as well as heating assistance. Experts estimate that to continue functioning in any meaningful way a minimum \$1 billion federal contribution is essential.

*...nearly 2 million households
could lose their energy assistance.*

In FY 95, 44 states and 25 Indian tribes received additional funds ("leveraged incentive awards") as a result of committing non-federal funds for home energy assistance. A one-third reduction of federal funding could discourage states from attempting to continue their current contribution.

THE WHITE HOUSE
WASHINGTON

November 17, 1995

TO: ALICE RIVLIN
LAURA TYSON

FROM: TODD STERN

Are you satisfied for this to
go in as is or do you wish to
put any cover note on it?

WHITE HOUSE STAFFING MEMORANDUM

DATE: 11-17 ACTION/CONCURRENCE/COMMENT DUE BY: 11-20SUBJECT: Agricultural Market Trends & Reconciliation

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McGINTY	☐	☐
PANETTA	☒	☐	NASH	☐	☐
McLARTY	☐	☐	QUINN	☐	☐
ICKES	☐	☐	RASCO	☒	☐
BOWLES	☐	☐	SOSNIK	☐	☐
RIVLIN	☒	☐	STEPHANOPOULOS	☐	☐
BAER	☐	☐	STIGLITZ	☐	☐
EMANUEL	☐	☐	TYSON	☒	☐
GIBBONS	☐	☐	WEBSTER	☐	☐
GRIFFIN	☐	☐	WILLIAMS	☐	☐
HALE	☐	☐	<u>FOLEY</u>	☒	☐
HERMAN	☐	☐	<u>CHOW</u>	☒	☐
HIGGINS	☐	☐	_____	☐	☐
LAKE	☐	☐	_____	☐	☐
LINDSEY	☐	☐	_____	☐	☐
MIKVA	☐	☐	_____	☐	☐
McCURRY	☐	☐	_____	☐	☐

REMARKS: Any comment on this?

RESPONSE: _____



THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

95 NOV 17 11:27

November 18, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY DAN GLICKMAN

SUBJECT: AGRICULTURAL MARKET TRENDS AND RECONCILIATION

Grain markets are extremely tight and market prices are at, or near, record highs. These conditions have significant implications for the debate over the agriculture provisions of the budget reconciliation bill and the 1995 farm bill.

High prices are raising crop income, but reducing livestock income which is already under pressure from record-large meat supplies. Government farm program costs are falling sharply, likely down \$3-4 billion in FY 1996 compared with the budget projections Congress is using to assess budget reconciliation proposals.

Despite the run up in farm prices, food price inflation is not a major concern, now. However, the tight supplies and strong prices place increased importance on developments in 1996. Below normal crop production in any major grain producing country could cause US grain prices to increase to the point that livestock and poultry producers significantly reduce production, possibly resulting in notable food price inflation beginning in late 1996.

The conferees have agreed to reconciliation provisions that set commodity program spending levels independently of prices, a fundamental, and I believe unwise, change in these programs. In locking in much of the baseline spending estimates, farmers will receive large farm payments notwithstanding high prices. At the same time, food and other assistance programs for low income people are being reduced.

This plan has several flaws; however, we should not reject it out of hand. Many will want the Administration to do that, but we do so at considerable peril. It is extremely unlikely Congress will totally scrap what it has produced at the end of a sometimes acrimonious debate. The framework of the post-veto bill is probably set. However, with modifications, we can broker a compromise that achieves important reforms consistent with our policies.

Supply and Price Situation. Last Thursday, we released our most recent estimate on the market prospects for the current season: Major crop supplies are extremely tight, leading to historically high prices for wheat and possibly corn, detailed in the table:

Prices and carryover stocks for major crops: 1992/93-1995/96

	Wheat	Corn	Soybeans	Upland Cotton
U.S. Farm level Price	<i>\$/bushel</i>	<i>\$/bushel</i>	<i>\$/bushel</i>	<i>Cents/lb.</i>
1992/93	3.24	2.07	5.56	54
1993/94	3.26	2.50	6.40	58
1994/95	3.45	2.25	5.45	73
1995/96 Projected	4.20-4.50	2.95-3.35	6.30-7.30	75 ¹ / ₂
Current Record High	4.09 ('74)	3.21 ('83)	7.83 ('83)	75.4 ('80)
U.S. Ending Stocks	<i>Mil. bushels</i>	<i>Mil. bushels</i>	<i>Mil. bushels</i>	<i>Mil. bales</i>
1992/93	531	2,113	292	4.5
1993/94	568	850	209	3.3
1994/95	507	1,558	335	2.6
1995/96 Projected	395	617	215	3.7
Lowest Since 1970	340 ('73)	361 ('74)	60 ('72)	2.3 ('90)

¹ Internal projection; USDA is prohibited by law from publishing cotton price projections.

US stocks of wheat and corn at the end of the current marketing seasons are projected to be the lowest since the infamous "Great Russian Grain Robbery" of the early 1970's when the former-Soviet Union bought massive quantities of US grains in the face of

tightening world supplies, setting off dramatically higher prices. Soybean and cotton stocks are also down and prices higher.

World stocks of grains at the end of this season are projected to be the lowest on record. As a percent of use, they are projected to be the lowest since we started comprehensive global record keeping in 1960 – three to four percent below the level the Food and Agriculture Organization of the United Nations considers a "minimum safe level."

The market tightness is a result of several factors: A wet spring and dry August reduced US yields to below average, also foreign production and stocks fell. At the same time, US exports have been very strong. During FY 1995, exports were a record \$53 billion, a substantial \$9 billion above the previous record set in 1981 and we expect another record high this fiscal year.

Positive Implications: Farm Income and Farm Program Costs. We expect that higher crop prices will significantly boost crop farm income. Cash receipts for wheat, feed grain, and cotton producers will increase \$2.5 to \$3 billion in 1995, an eight percent increase over last year. For many producers, receipts will be even stronger in 1996 as they market this fall's harvest at record or near-record prices. However, for some crop producers, cash receipts will drop this year as reduced yields offset higher prices.

While most crop producers are benefitting, the story is different for livestock and poultry producers. Record-large supplies have pressured prices in 1995, thus receipts for livestock and poultry producers will fall by \$1 billion this year.

Your budget, released in February, estimated FY 1995 outlays on farm price and income support programs at \$10.6 billion. With stronger prices, outlays actually turned out to be \$6.0 billion. For FY 1996, your budget estimated outlays at \$9.1 billion; they are now expected to total only \$5.5 billion, or lower.

Because of increased market prices, many crop producers will have to repay advances on 1995-crop deficiency payments we paid earlier this year. Of the \$2.1 billion advanced, producers will probably be required to repay over \$1.5 billion. We have already provided producers with several options for refunding advance deficiency payments. Much of the agricultural reconciliation debate in the House and in conference has focused on how part of the higher projected payments in the February baseline can be captured for producers by legislating spending levels for future years that would not decline as prices rise.

We expect that the very low stocks on hand at the end of this year will lead to strong market prices and lower-than-anticipated payments to producers in 1996. Continued strong world grain prices will also reduce the cost of other agricultural programs, such as export subsidies under the Export Enhancement Program (EEP). Because global supplies are tight and demand remains strong – fueled by population growth, foreign income growth, and market-opening trade agreements – income prospects for crop producers look very good for the next couple of years.

Risks to the Outlook: Poor 1996 weather and food availability. The Consumer Price Index (CPI) for food is expected to be up three percent in 1995, compared with a two and four-tenths percent increase last year. The larger increase in retail food prices this year primarily reflects weather-related increases in retail prices of fresh fruits and vegetables. Retail prices of cereal and bakery products, which account for only nine percent of the food in the CPI, will increase about two and one-half percent this year, compared with more than four percent last year.

Continued high grain prices may affect livestock and poultry production and lead to increases in the 1996 food CPI. But at this point, we foresee very little change from this year's level. Right now, the US livestock industry appears to be handling higher grain prices. Although profitability is low among cattle producers, the cattle herd continues to build. But if grain prices trigger a large livestock liquidation, the trend could set off a cycle whereby first the increase in herd slaughter would lower meat prices dampening food price inflation and then, by late 1996, livestock markets could start to tighten pushing retail prices and the food CPI higher.

The risk to food prices comes from the possibility of even higher grain prices than we now expect. Higher than expected prices could result from poor southern hemisphere harvests in the spring or unexpected demand, for example from Russia where grain production is low, or poor US weather next spring or summer.

US weather in the spring and summer of 1996 will be a critically important factor for rebuilding supplies and whether we avoid a serious disruption for livestock and poultry producers and serious consequences for consumers. The low level of carry in stocks world-wide means that even if grain yields are on trend in 1996, grain stocks will remain below average and market prices will remain strong.

We have another concern resulting from the higher grain prices: They reduce the ability of developing countries to import grain. I believe it is especially important that we maintain our commitment to funding humanitarian export programs, such as PL-

480, in future budgets. If we do not, more of the world's hungry will be at risk.

Implications for Farm Policy in the Budget Reconciliation and Farm Bills. The current crop situation has implications for the 1995 farm legislation. High grain prices reduce the need for government payments and export subsidies.

The House and Senate conferees appear to have agreed to a reconciliation bill similar to the House's "Freedom to Farm Act," which fixes total payments each year, regardless of price, likely resulting in substantial payments to producers over the next couple of years despite expected high prices.

We continue to believe that payments should be scaled back when prices are high. It is wrong to make large government payments to farmers when prices are high while at the same time Congress is supporting budget cuts for low-income recipients of food assistance, Medicare, and other programs.

High grain prices also underscore the need for the government not to place unnecessary restrictions on the amount of land that can be farmed. The conference bill appears to provide greater planting flexibility and eliminates the authority to require producers to idle land in order to be eligible for payments. While these changes go further than the Administration's proposal, they make sense.

The Conservation Reserve Program (CRP), which offers farmers ten-year contracts to retire environmentally-sensitive land, must be better targeted by providing authority for enrolling new, more environmentally sensitive cropland as existing contracts expire. The conference bill provides authority for new enrollments but severely reduces funding for the CRP, which could limit our ability to remove environmentally sensitive cropland from production. We are also exploring various options that would enable producers to withdraw certain acreage from the CRP before contract expiration.

We will continue to monitor the unfolding situation closely and keep you abreast of further developments. Although grain markets are very tight and market prices high, food supplies and food price inflation are not now major concerns. We are prepared to use available discretionary authority to relieve the tight grain situation to the extent we can.

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN

11-17-95

EJB

See Mr. Miller

Bc



THE WHITE HOUSE

WASHINGTON

11-18-95

Dear Sir -

I enjoyed my meeting
with you and your fellow farmers.

Thank you for your fine
letter. I will use some of your suggestions
and information — We can do
the right thing by our family farmers
if we'll hang tough and you'll keep
speaking out —

Sincerely

Bill Clinton

dispatched by
Rm 11-17-95

C. Cleveland

*Letter to
President William Clinton*

From Deb Lundgren, A Farm Wife

Mr President, it is such an honor to represent the farm families of this country. I appreciate the invitation to meet with you and discuss the future of agriculture.

I am the wife of a farmer and the mother of four. My husband and I live on a third-generation farm in rural North Dakota. We both maintain off-farm jobs to supplement our income, yet we have not been able to afford luxuries such as health insurance. It would be a heart-wrenching decision to leave the farm, one we do NOT want to make, but one we are being forced to consider.

Let me begin by stressing that the future of agriculture will directly parallel what happens to family farmers. If the outlook for family farmers is bright, it will be for agriculture also. If we cannot survive, agriculture will become the number one priority in issues facing the American people.

One of the toughest challenges we face is educating people unrelated to agriculture about the importance of food production. Between the media, special interests groups, and bureaucrats, farmers take a beating every day. The perception is that farmers are uneducated hicks, doing the only thing we are capable of, and wanting the government to support us.

We would like to change that perception. For that reason, I would like you to adopt a new term when discussing farm programs with Congress and the media. The farm bill should be renamed the "FOOD ASSURANCE PROGRAM", because that's what it is. It is truly a consumer subsidy - not a "farm" subsidy. The programs have allowed families to stay on the farm and continue to produce raw commodities at a price palatable to the consumer. While the cost of living has continued to rise, farm income remains as it was in 1960s. Is there any other industry that Congress regulates, demanding a 1995 production level at a 1960s income?

For the most part, the general public does not understand that we invest for the privilege of working for an outdated income. What should make them take notice is that farmers are a very capable group. If we are displaced from our farms, we will be competing for their jobs. We are cross-trained, diversified, knowledgeable and willing to work - a very pleasing combination to most employers. But that's not what we want to do. We like where we live and how we live. More importantly, our country should be aware that the urban migration of family farmers puts our affordable food supply at risk.

If there is not an income safety net implemented for family farmers, we will be forced to abandon our chosen profession. As farm families relinquish ownership of farm land, large corporations will aggressively monopolize agriculture, and the results will be devastating. The cost of raw commodities will skyrocket, and store-shelf prices will follow. Profit will become the only goal - land stewardship, food quality, safety, and affordability will become secondary.

In countries where food has been unaffordable or scarce, governments provide price supports to make sure their farmers will produce! Japan pays their farmers \$32.88 for each bushel of wheat. Syria pays \$23. Even the government of Bangladesh supports prices at a level above that of the United States of America!

If families are forced off their farms, you might see the following ad in newspapers across the country:

BUSINESS OPPORTUNITY: Seeking highly skilled, highly motivated individuals to work an average of 60 hours per week at the most dangerous job in America. Must have experience in mechanics, welding, chemistry, personnel management, large equipment operations and repair, animal health, nutrition, land management, and accounting. Physical condition must be exceptional. Must be willing to work in varying weather conditions, ranging from 30° below zero to 100° above. If accepted, an initial investment of 1/4 million dollars will be required, with additional investments annually before production can begin. No return on required investments is guaranteed or implied. No benefits package. Compensation will vary, according to the weather and mood in Congress, but will generally be less than minimum wage. Send applications to: Congressional Finance Committees, Washington D.C..

How many applicants would you have? If you do have responses, how many would qualify? **Right now**, this country is fortunate to have thousands of people who have already accepted the job. We are **already** out there, and love what we do. We are the proud providers of safe and abundant food for this **country**, and a large part of the world.

✖✖ Mr President, the original intent of the farm program was to narrow the gap in income between **farmers** and the rest of the population. Family farmers still stand to benefit from that ideal. But the current program allows the largest 18% of farms to collect 2/3 of the available benefits.

The time has come to change the programs - not throw them out. We understand the need for **balancing** the budget. In fact, farm organizations have been working feverishly to provide guidelines for **Congress** to consider, complete with reductions in federal spending. However, agriculture has taken **disproportionate** decreases and is being asked to take more. These cuts are not just on proposed increases, this **country** is being asked to eliminate the "Food Assurance Program."

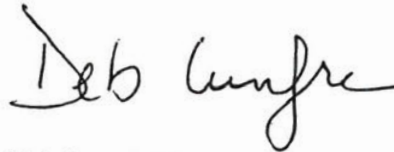
The legislation that will soon cross your desk will devastate farm families. Consequently, it will **not** take long for consumers to feel the effects of the "Freedom to Farm Act."

We are less than 2% of the population, and proponents of pending legislation say that does not justify 14 billion dollars in spending. What they fail to mention is that the other 98% depend on us as their food source. That makes us a VERY IMPORTANT 2 PERCENT! Does this country really want control of it's entire food supply in the hands of only a few corporations, who will be able to store commodities until they receive the price they demand?

Mr. President, our future rests in the decisions about to be made in Congress and by you. Without safe and affordable food, no other issues facing this country will matter. We must emphasize the importance of sustaining farm families as the foundation of the "Food Assurance Program."

I ask that each time you sit down to a meal, you remember the farmers who made it possible.

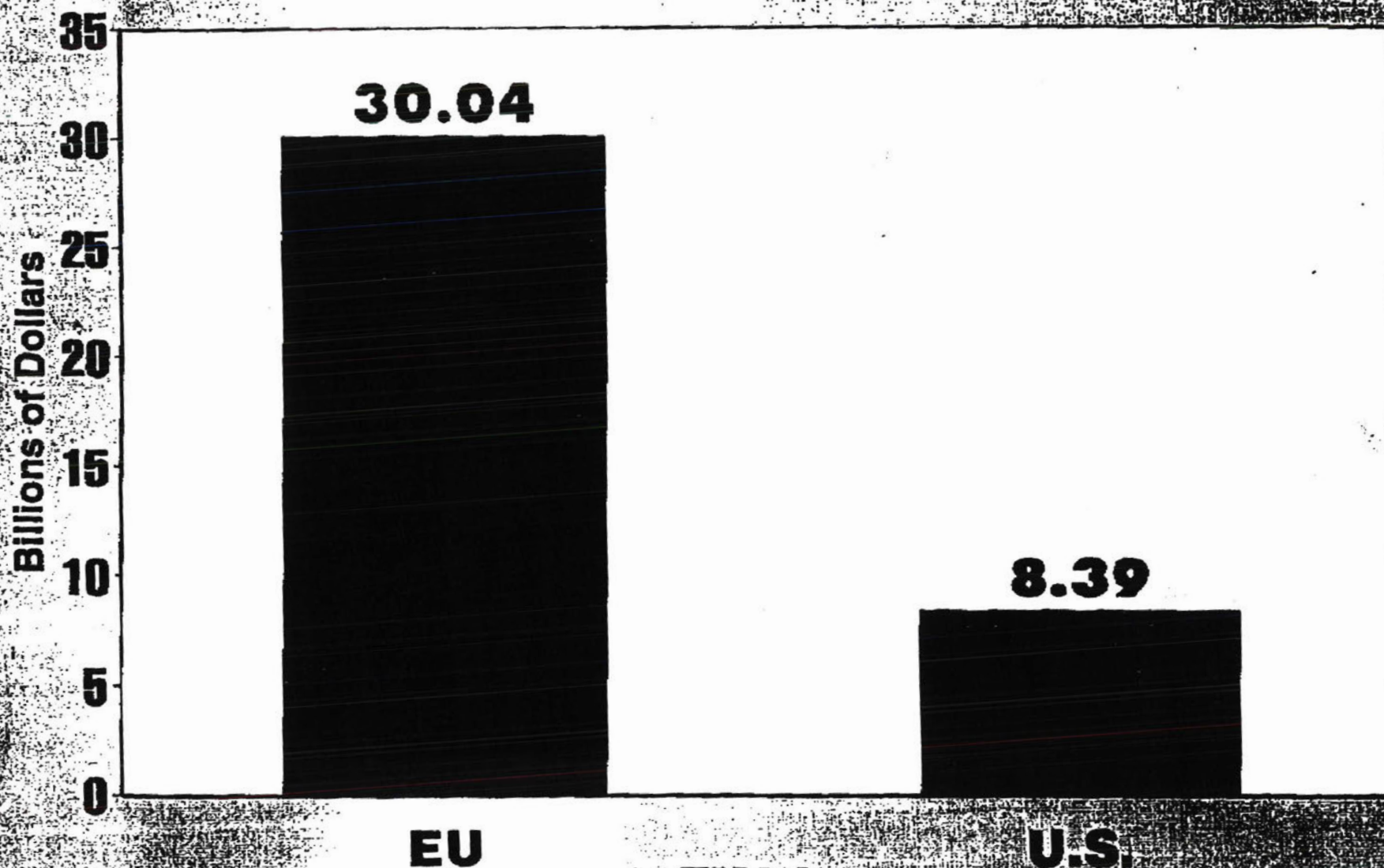
With great respect,

A handwritten signature in cursive script that reads "Deb Lundgren". The signature is written in dark ink and is positioned above the printed name.

Deb Lundgren
A Farm Wife

EU versus U.S.

Domestic Agricultural Support Spending



Source: USDA

FY94

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The misconception . . .

farmers are getting rich on
government payments.

The truth . . .

The target price for wheat grown in this country is
below that of Bangladesh!



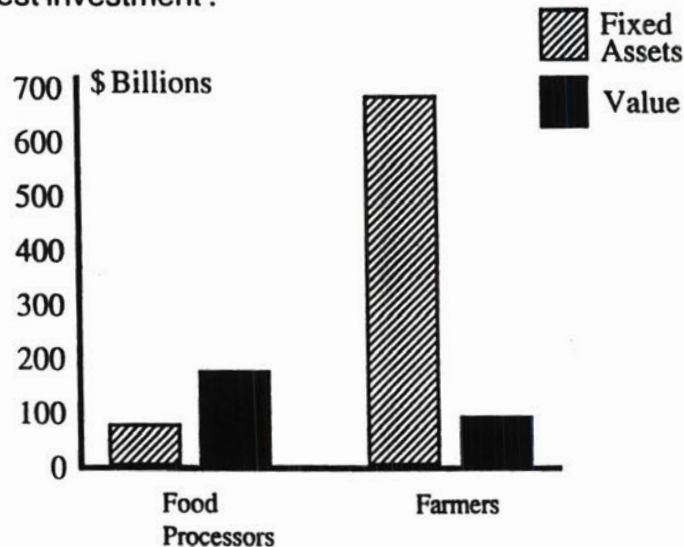
Per bushel price supports for various countries from a 1993 study conducted
by the International Wheat Council

The misconception . . .

food prices are directly related to the price the farmer receives for his/her efforts.

The truth . . .

The return realized by family farmers on their investment is often zero (or worse). In comparison, food processors generate a handsome return on their modest investment .



The nickel's worth of wheat in a loaf of bread costs over a dollar in the store. It is the processor that takes the inexpensive, raw commodity and "adds value" to create the price consumers pay.

Source: NDSU Extension Service

The misconception . . .

government programs
benefit all farmers equally.

The truth . . .

The original intent of the farm programs initiated during the depression was to narrow the gap in income between the farmers and the rest of the population.

Family farmers still stand to benefit from that ideal. However, large and incorporated farms now benefit in disproportionate amounts to those in need of the programs. (The biggest 10% of farms collect roughly a third of farm subsidies! Two-thirds are absorbed by only 18%!)

The time has come to **CHANGE** the programs
not throw them out!

Target the payments to those who need them
not those who know the loopholes!

**Reward the efforts of the family farmer
who continues to provide quality food for
America's families
...while he struggles to feed his own!**
